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NEWS SUMMARY

GENERAL

Israel bomb blast kills 2

Two people were killed and 42 injured when a bomb rocked Jerusalem's crowded central market yesterday. Palestinian guerrillas later claimed responsibility for the blast.

Victims were flung into the air by the explosion, which sent other shoppers fleeing for safety in a hail of shattered glass and debris. Most of the injured were women.

Jerusalem mayor Teddy Kollek condemned the attack as "another attempt to spoil good relations between Jewish and Arab residents of the city."

The Lebanese Cabinet held an emergency session under President Elias Sarkis to deal with mounting tension after the massacre of more than 30 Christians in east Lebanon.

Fishing measures

Agriculture Minister John Silkin is to announce unilateral measures to protect fish resources in Britain's 200-mile zone on Monday. A ruling on net mesh sizes is expected to be the most controversial. **Back Page**

Powers sought

Ombudsmen for local authorities are seeking extra powers to enable disputes to be more easily settled, according to the annual report of the Commission for Local Administration in England. **Page 10**

Tax repayments

Chief Secretary to the Treasury Mr. Joel Barnet announced a new clause for the Finance Bill next month whereby PAYE repayments due to wives will be paid direct to them, rather than to their husbands if the couple's income is taxed jointly. **Page 10**

Comecon entry

Vietnam has been admitted to the Communist Comecon economic grouping and is the tenth full member of the Soviet-dominated organisation. The move is seen by Westerners as proof of Hanoi's new Moscow alignment. **Page 2**

Pope defied

Rebel Roman Catholic archbishop Marcel Lefebvre defied the Vatican again by ordaining 18 priests at his traditionalist seminary in Econe, Switzerland.

Polio plea

The Dutch Government has appealed to Holland's strict protestants to accept vaccination of their children after 69 cases of polio have been reported in the last two months.

Locust plan

The UN's Food and Agriculture Organisation has recommended a $3m plan to fight locusts devastating the Horn of Africa. Some 50 swarms are moving through Ethiopia and Somalia.

Peace move

Two major Eritrean guerrilla organisations (ELF-RC and EPLF) have offered to have direct talks with the Ethiopian Government to end their 17 years' war of independence. **Page 4**

Briefly . . .

Three youths charged with murdering a 24-year-old Bangladeshi in East London were remanded at Thames Court.

Thirty-one million viewers watched the World Cup Final—the biggest television audience in Britain for a sporting event.

Twelve British missionaries and their children, massacred by black nationalist guerrillas, were buried in Umtali, Rhodesia.

Malagasy President Didier Ratsiraka said mercenaries planned to kill him with poison darts fired from ball-point pens.

Princess Caroline of Monaco and French financier Philippe Junot were married after a mass in Monte Carlo.

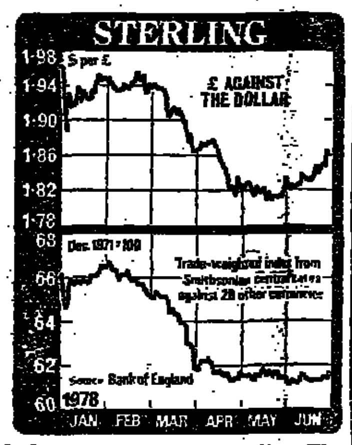
King cobra measuring 13 ft is being used as night watchman at a Stockholm aquarium.

Dockers in Barcelona, Spain, have ended a two-month go-slow over pay.

BUSINESS

Sterling, French franc boosted

● **STERLING** was boosted by speculation that it might join the *European currency snake*. It closed at $1.8665 for a rise of 1.2 cents. Its trade weighted



index was 61.6 (61.4). The dollar's depreciation widened to 7.1 (7.0) per cent. The French franc was also lifted by rumours about the snake. It closed at FFr 4.4850 (FFr 4.5325) against the dollar.

● **EQUITIES** recovered in late trading from early pessimism about the economy. Trading remained extremely light. The FT 30-share index, down 2.7 at 11 am, closed at 457.3 for a gain of 2.0. The late rise in Boots, which intends to increase its dividend, accounted for 0.8 of this. Back page

● **GILTS** recovered from losses of ½ to gains of ⅞. The Government Securities index closed 0.24 higher at 69.25. The upward pressure on U.S. short-term rates caused a late reaction in shorter maturities.

● **GOLD** fell $1 to $184⅞. Trading was quiet. The New York Comex June settlement was 182.30 (184.40).

● **WALL STREET** closed 1.73 up at 821.61.

● **COPPER** cash wirebars fell £10.25 to £687 a tonne on the London Metal Exchange. Prices reached their lowest for three months. Page 33

● **U.S. MONEY SUPPLY:** M1 $349.4bn ($351.3bn, revised), M2 $839.7bn ($840.9bn, revised).

£30m order for BL Cars

● **BL CARS** signed a £30m contract to supply at least 10,000 vehicles to the British School of Motoring. **Page 8.** BL Cars will start recalling 10,000 workers at the Solihull plant, where a three-week strike cost £42m in lost production. **Scanlon appeal, Page 11**

● ***MR. JAMES PRIOR***, Shadow Employment Secretary, said he was in favour of exempting the *employment of people under 21* and companies with fewer than 50 workers from the Government's Employment Protection Act. **Page 10**

● **FRANK B. HALL**, the third largest quoted U.S. insurance broker, unveiled its expected £25m takeover terms for Lloyd's broker Leslie and Godwin. **Back Page**

● **FEARS** that a further 900 jobs might be lost at Plessey's Edge Lane, Liverpool factory are expected to be aired at a meeting of management and unions next week. **Back page**

COMPANIES

● **MATSUSHITA ELECTRICAL** Industrial regisered record sales and profits in the half year to May 20. Sales rose 7.5 per cent to Y751.6bn and net profits 13.7 per cent to Y26.4bn. **Page 27**

● **GLOBAL NATURAL** Resources Properties, the last surviving offshoot of the Fund of Funds, flagship of Mr. Berni Cornfeld's ISO empire, is considering seeking unofficial listings on some stock markets. **Page 25**

● **RENOLD** pre-tax profit fell £2m to £10.37m in the year to April 2. Profits of overseas companies fell from £6.49m to £4.27m. **Page 22**

British Steel faces all-out strike over closure fears

BY CHRISTIAN TYLER, LABOUR EDITOR

The State steel industry ran yesterday into what threatens to be its worst collision with the trade unions for many years.

The threat of a strike throughout the British Steel Corporation came from leaders of the biggest steel union over a decision to shut part of a steelworks in the West Midlands.

This untypical eruption by leaders of the Iron and Steel Trades Confederation could gravely embarrass the Government in the run-up to a General Election.

Mr. Eric Varley, the Industry Secretary, will be asked, probably today, to tell BSC to reverse its decision.

BSC has already told the unions it wants to close the whole of the carbon steels plant at Bilston, Staffs. by March next year, with the loss of 2,400 jobs.

Talks at national level on the full closure have not yet been held, but in the meantime BSC has said it will shut two of the four open-hearth furnaces from August 6.

The news reached the ISTC conference in Scarborough yesterday, where, as at the plant itself, it was taken to mean that the full closure had been set in train without consultation.

The conference was adjourned, the union's 21-man executive went into emergency session, and came out with the threat of national action and a call for the resignation of Sir Charles Villiers, BSC chairman, or of Mr. John Pennington, Sheffield divisional managing director responsible for Bilston.

Mr. Bill Sirs, ISTC general secretary, was cheered by delegates when he announced that, if the instruction to damp down if the instruction not to work the two furnaces was not removed, the industry would stop.

Response

"If this industry does stop, let me say clearly I will stop all steel moving in this country. There won't be an ounce of it moving. I will inform the International Metalworkers that they must not send steel here."

BSC tried last night to quench the flames by saying that there had been a misunderstanding. The intention to take out the two furnaces was in response to lack of orders, and could have happened at any plant.

It did not mean that a proposal to stop all steelmaking by the end of October, and of rolling by next March, would go ahead without full consultation with the TUC Steel Industry Committee.

A memorandum to workers in the melting shop, which was the immediate cause of the clash, had referred to contingency plans.

At the same time the corporation published a letter from Dr. David Grieves, managing director personnel, in a reply to a telegram from Mr. Sirs.

He said there had been consultations dating back to last November about the orders position at Bilston. The local management had merely been asked to prepare plans against a timetable already put to the unions.

The stage for confrontation was set at the union's conference earlier this week, when an emergency resolution about Bilston was carried and Sir Charles was castigated by delegates for an address to the delegates in which he warned that bulk steelmaking in Britain was in jeopardy.

The union is still smarting from closure of iron and steelmaking last week at Shelton, Stoke-on-Trent, after what it alleged was BSC's failure to complete consultation.

Fed chief warns on threat of inflation and recession

BY JUREK MARTIN, U.S. EDITOR — WASHINGTON, June 29.

BUSINESS AND consumer confidence in the U.S. would be undermined unless inflation was brought under control, Mr. G. William Miller, chairman of the Federal Reserve Board, said today. Distortions and imbalances in the economy would develop and recession would be the result.

His mid-year review of the economy, presented to the joint economic committee, of Congress concentrated principally on the inflationary threat and the need to focus attention on the supply side of the economy—above all, to give a renewed spur to technological advances and gains in productivity.

The short-term economic outlook was generally favourable but with the significant exception that inflation had become worse with much less likelihood of any easing of underlying inflationary forces.

He added: "Actions of the Government have played a significant role in the recent worsening of inflation—on top of special factors such as higher food costs. Service prices have risen strongly, influenced importantly by the rise in the minimum wage on January 1. Moreover, increases in social security and unemployment insurance taxes have added to labour costs on a broad scale, while costly regulatory actions continue to put upward pressure on costs."

Mr. Miller praised recent policy decisions by the Administration to delay and reduce tax proposals, to hold the lid on Federal spending, to seek voluntary wage and price restraint and improve the regulatory processes which hampered investment.

But, these recent steps did not constitute by themselves an adequate long-term attack on the inflationary practices and policies which had given the economy its inflationary bias.

Inflation removed incentives to save and invest. "Without adequate investment in new, more efficient technology, growth of productivity tends to slow—lending further momentum to cost-based inflationary pressures.

"It is for this reason—because deep-seated inflation retards long-run growth and is a clear threat to sustained high employment—that inflation must be characterised as our highest economic priority."

Mr. Miller steered clear of the current political minefield of which tax incentives would work best.

There is growing support on Capitol Hill for Republican proposals to reduce capital gains and income taxes, the first of which the Administration adamantly opposes on the grounds of inequity.

For Mr. Miller, the key to improving productivity lay in working on three key elements—labour, energy and capital. On the last of these he said that the nation's tax policies had not provided adequate incentives to invest in new capital.

"Careful reconsideration of all taxes on business is essential but I believe a near-term, partial answer is to introduce a more liberal variant of accelerated depreciation."

Current depreciation guidelines did not approach actual replacement costs in periods of rapid inflation.

As a goal, the nation should set an ambitious objective for capital investment of, say, 12 per cent of Gross National Product for an extended period to enable the U.S. to make up for past

Continued on Back Page

Oslo seeks ship guarantee cut

BY CHRISTINE MOIR

THE GOVERNMENT-BACKED Norwegian Guarantee Institute for Shipping wants to cut sharply its existing guarantees on £50m worth of loans from Hambros Bank to the troubled Reksten shipping group.

It emerged in Oslo yesterday that the continuing negotiations between the Institute and the bank concern not only what happens when these guarantees expire at the end of 1979, but also whether the Institute has the power to reduce the size of the guarantees in the meantime.

The 1976 contract between the Institute, Hambros and Reksten gave the Institute the right of periodic reviews of a £60m consortium loan which it had guaranteed to Reksten. Reksten uses this loan to pay the interest on its borrowings from Hambros and to meet the costs of laying up ships.

Apparently the Institute wants to use this review clause either to stop Reksten drawing any more money under the consortium loan, or to reduce the amount the company can draw.

This move would mean that Reksten could not meet its interest payments on its Hambros borrowings.

Hambros continues to remain silent while the negotiations are continuing, but the Norwegian Press is openly speculating whether the Institute has either a legal or a moral right to reduce its commitments in this way.

On Tuesday, Mr. Charles Hambro, chairman of the bank, had a short meeting with the Norwegian Prime Minister.

Final agreement between Hambros and the Institute is clearly still some way off. There is still ample time for the two parties to arrive at a compromise between their present entrenched negotiating positions.

$1.5bn Euroloan to be changed

By John Evans

BRITAIN is to restructure the $1.5bn (£808m) syndicated Eurocurrency loan arranged in early 1977, to push the repayment date further into the future and cut the interest cost.

The move is one of the most significant developments so far in the official policy to reschedule part of Britain's $25bn foreign public sector debt.

This latest restructuring operation could include repayment of a small part of the loan.

Negotiations now underway are aimed at reducing the margin payable over inter-bank rates to ¾ points from the ⅞-1 per cent agreed last year.

At the same time, it is envisaged that the restructured loan will mature four years later than planned at present.

In effect, this means that repayment of the loan will be over the years 1985-88, instead of the original repayment dates of 1981-84.

This point is of particular importance to the UK authorities, as the early 1980s will be the peak period for the repayment of UK foreign debt.

Before the present policy of early net repayments of the more expensive foreign debt and a new borrowing programme was initiated in October, 1977, almost 80 per cent of the $25bn borrowings was due between 1979-84.

Difficult

It has already become clear from present negotiations that some of the banks involved have chosen not to continue to participate on the terms being sought by the UK authorities.

However, some other banks have offered to absorb a larger amount of the restructured loan than previously. On this basis, the new facility is likely to be completed on a final figure of well over $1bn.

It is thought that the fairly small number of banks which will not participate are being influenced by the lower interest rate which the banks consider to be difficult to justify on commercial grounds.

In recent months, U.S. banks in particular have been complaining that it is hard to generate any profitability from medium-term loans when margins decline much below a percentage point over inter-bank rates.

In turn, in the Euromarkets it is felt that the UK's restructur-

Continued on Back Page

£ in New York

—	June 29	Previous
Spot	$1.8630-8640	$1.8570-8580
1 month	0.48-0.43 dis	0.50-0.44 dis
3 months	1.34-1.28 dis	1.36-1.30 dis
12 months	5.00-4.80 dis	5.10-4.90 dis

China may borrow from UK banks

BY JOHN HOFFMANN — PEKING, June 29.

CHINA APPEARS to have committed itself to borrowing from British banks and other overseas sources for the first time to help to finance its modernisation and industrialisation programme.

That was confirmed to a party of British parliamentarians led by Lord Chalfont, an adviser to Lazard Brothers. The party left here today.

The delegation came away with a virtual promise from Vice-Premier Li Hsien Nien that China would do business with British banks. "We will borrow from you," the vice-premier is reported to have told Lord Chalfont. The statement marks a significant change in China's economic policy, which until now has firmly excluded overt borrowing.

Flexible

Faced with huge costs for technology, equipment and materials over the next two decades of industrialisation, China has conceded that it must use foreign funds and conventional borrowing practices. Although Mr. Li's statement to Lord Chalfont is encouraging for British bankers, they will find themselves dealing with a cautious and thrifty client. "We don't want too much," Mr. Li told the British group. "We don't want to borrow more than we can pay back."

It is likely that China will continue to exploit other forms of financing that do not entail direct borrowing. Mr. Li again raised the prospect of payment by products for foreign-built factories making goods for export. That suggestion was made earlier this year to members of the British "Forty-Eight" who spent several weeks in China exploring export potential for British manufacturers.

Colina MacDougall writes: The Chinese vice-premier's remarks indicate that China is adopting a more flexible attitude to trade financing. However, it is still far from accepting large-scale loans.

The Bank of China has for years occasionally borrowed on a very short-term basis from British and other banks through the London inter-bank market.

It seems possible that Peking may cautiously widen its use of project-related deferred payments and supplier's credit, perhaps to include buyer's credit, under which it could avail itself of British and other European Governments' exports credits schemes.

Those carry low interest rates and would be commercially advantageous. Hitherto, Peking has restricted itself to using supplier's credits.

Vice-Premier Li's reported use of the word "borrow" suggests that the ideological hurdle implicit in the idea of a foreign loan has been partly overcome, and that may give the Chinese in due course the opportunity to choose advantageous credit schemes that were closed to them before.

Their acceptance of those may depend on foreign ability to find a formula that does not offend against the remaining ideology, which still promotes the idea of "self reliance," although not exclusively, as in the past.

Editorial comment, Page 20

State chairmen's pay report out today

BY JOHN ELLIOTT AND PHILIP RAWSTORNE

THE BOYLE report on top public servants' salaries, which recommends rises of more than 70 per cent for chairmen of nationalised industries, is to be published by the Government this morning.

But Ministers' decisions about how such rises should be phased, perhaps over two or three years, will not be announced until next week.

This was agreed by the Cabinet yesterday at a meeting which reflected the intense debate that has raged since the Boyle Review Body on Top Salaries reported to the Prime Minister three weeks ago.

Ministers are believed to have decided yesterday that, because of the size of the proposed rises, the full Boyle Report should be published as quickly as possible to allow for informed public debate.

Labour MPs have warned that if the full increases were to be conceded, the Government would have little chance of securing a further period of wage restraint.

The report also proposes rises for top civil servants, judges and armed forces officers. Chairmen of the main nationalised industries could expect a salary of £40,000 although some would go above £60,000.

● In the Commons yesterday, Mr. Michael Foot indicated that MPs could expect a 10 per cent increase shortly in their £6,270 salary.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Excheq. 9½pc '82 A...	[illegible]	
Excheq. 12pc '13-...	[illegible]	
Aaronson ...	[illegible]	
BPB	[illegible]	
Boots	[illegible]	
Brown ...	[illegible]	
Cablefo...	[illegible]	
Ferrant...	[illegible]	
Helical ...	[illegible]	
Johnso... (H. ...)	[illegible]	
Lond...	[illegible]	
Renold	126	+ 6
Sime Darby	104	+ 7
Tex Abrasives	60	+ 3
Siebens (UK)	358	+ 18
Guthrie	325	+ 15
Harrisons Malay Ests.	109	+ 9
Plantation Hldgs.	77	+ 4
Cons. Murchison	270	+ 10
Hampton Areas	136	+ 12
Petaling	225	+ 10
Southern Kinta	220	+ 10

FALLS

[illegible]	118	− 5
... E.)	250	− 5
... S.A.)	157	− 7
...ture	94	− 8

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EUROPEAN NEWS

Vietnamese admitted to Comecon

By Paul Lendvai

VIENNA, June 29.

THE PRIME MINISTERIAL council meeting of Comecon, the East European economic organisation today admitted Vietnam as its tenth member and adopted a final declaration on long term "target" programmes in three fields. These are fuel, energy and raw materials, engineering and food and agriculture.

The application of Vietnam for membership came as a surprise and some members, above all Romania, were initially hesitant to accept Vietnam at this meeting as a full member, according to Yugoslav officials.

Future fuel supplies, the poor quality of some of the products produced under collaboration schemes and the non-fulfilment of contracts and delivery dates were the main problems repeatedly referred to in the speeches made by the Prime Ministers of the member countries.

Contrary to earlier rumours, however, no Soviet proposal was made to change Comecon statutes which provide for decision-making by consensus.

Comecon, founded in 1949, is now made up of the Soviet Union, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Romania, Cuba, Mongolia and Vietnam. Yugoslavia has an associate status.

The final communique is unlikely to contain major new decisions. According to rumours final decisions about the scope and degree of long-term integration schemes, including Soviet delivery and East European investment commitments, are likely to be taken only next year at the 30th anniversary celebrations of the organisation to be attended both by party chiefs and Prime Ministers.

The edited versions of the speeches did not indicate any new dramatic development.

Giscard for talks with party chiefs

BY DAVID CURRY

PARIS, June 29.

PRESIDENT Giscard d'Estaing of France has invited the leaders of the four main political parties to meet him next week to discuss the issues which will be brought up at the July Western economic summit meeting in Bonn. He is thus keeping a promise made at the time of his first contacts with political leaders immediately after the March elections.

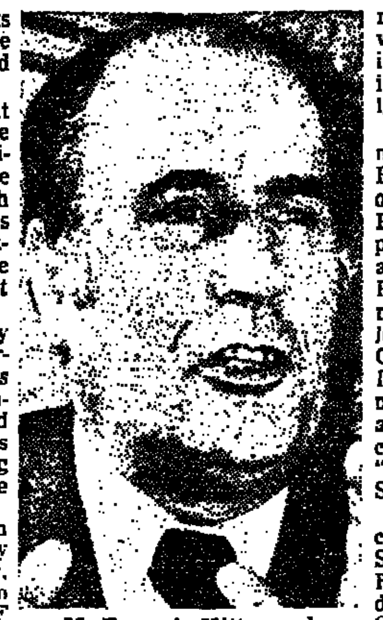
The most tense of the interviews is almost certain to be that between the President and the Gaullist leader, Jacques Chirac. Not only are the Guallists expressing a general discontent at the rigor of the Government's economic policies and a strong resentment at the systematic replacement of Gaullists by Giscardiens in influential positions in politics and the media, but they oppose sharply a number of specific measures recently announced by Giscard d'Estaing.

In particular, the proposals to introduce proportional representation for local elections to the bigger towns, to give the opposition greater rights of reply on television and radio, and on the financing of political parties run directly counter to Gaullist policy. M. Chirac's party also suspects that the Centrist UDF will try to use the occasion of next year's elections to the European Parliament to illustrate its pulling-power in contrast to the Gaullists who are badly divided on the issue.

Given the President's recent strong endorsement of Prime Minister Raymond Barre's policies, M. Chirac's complaints are not likely to be heard with much sympathy, particularly as it was the Chirac reflation package of autumn, 1975, which gave the final spurt to the most recent French inflationary wave.

But the President may pay more attention to the first murmurings of discontent from his own Centre UDF grouping stemming from a belief that the red meat of the Government's economic rigour is not being sufficiently garnished with the dressing of social reform.

None of this discontent, which itself has been encouraged by the spate of strikes in industry, poses much immediate threat to the Government, since the UDF is basically loyal to M. Barre, while the Gaullists have a choice of joining with the Left to defeat the Government measures or, on a number of questions, seeing the Left join the Centre to ensure their passage.


M. Francois Mitterrand

Conversely, M. Francois Mitterrand's conversation with M. Giscard may be more friendly, since the President has cleared the way for discussion of some of the issues, he raised after the elections. Mitterrand has had to override left-wing opposition before accepting the invitation.

While Mitterrand's position as Socialist leader is not under any real challenge he has had his work cut out recently maintaining the balance of power and influence between his leading lieutenants.

M. Georges Marchais, the Communist leader, is on holiday in Romania and will send the leader of the parliamentary Communist Party to the Elysee Palace. The party newspaper L'Humanite has already made it clear that the President is likely to be on the receiving end of a long monologue on the iniquities of the Government's economic policy. It is hard to see how the Communists will want to offer much advice for a summit meeting of capitalists and social democratic "traitors" of the Callaghan and Schmidt variety.

Meanwhile, the parliamentary career of M. Jean Jacques Servan-Schreiber, leader of the Radical Party, a man whose drifting between the pro-Giscardianism and opposition has been one of the minor features of the past few years, may be near its end.

The Electoral Court has just quashed his 22-vote victory in Nancy at the general election and it is by no means sure that he will contest the rerun in three months' time.

Banks reduce base lending rate to 9.05%

BY OUR OWN CORRESPONDENT

PARIS, June 29.

THE BIG French banks have finally taken the hint from the Government and reduced their base rate from 9.3 per cent to 9.05 per cent from July 1. The Economics Minister, M. Rene Monory, has been promising such a reduction for weeks but has warned that the rate would not go below 9 per cent.

The feeling is that the new rate, which reflects, rather belatedly, the easing of rates on the money market to around 8¼ per cent and hence cheaper re-financing for the banks, is about as low as can be expected in existing circumstances. With the inflation rate this year expected to be about 11 per cent, the Government is being very cautious about making money too attractive and has reaffirmed its intention to maintain strict limits on bank credit.

Meanwhile, the French franc has performed well over the past few days. Today it was being quoted at Fr 4.5175 to the dollar against Fr 4.58 a week ago, while it strengthened 1 per cent against the deutschemark to around Fr 2.1775. The foreign exchange markets are inclined to attribute this to technical factors, notably the maturing of forward contracts taken out before the election.

The Government prefers to see the move as a response to the improving trade balance and the slow recovery of industrial production. Some people feel that the recent talks between President Valery Giscard d'Estaing and Herr Helmut Schmidt on the gradual reintegration of European currencies may have contributed to the development.

The expectation here is that the forthcoming EEC summit in Bremen will produce some sort of declaration of intent to work towards the creation of a European monetary fund and a broad snake arrangement with wider margins of fluctuation than the existing mechanism.

Italy ballot produces no President

By Paul Betts

ROME, June 29.

THE RULING Christian Democrat Party in Italy intensified its efforts to reach an all-party agreement to elect a new president as representatives from both houses of parliament and the regions voted today in the first inconclusive ballot to find a successor to Sig. Giovanni Leone, who resigned this month.

The first secret ballot today represented only a test of the political mood, with the main parties either voting for their own candidates or abstaining. These token candidates included — for the Christian Democrats, Sig. Guido Gonella, a former secretary-general of the ruling party; for the Communists, Sig. Giorgio Amendola, one of the most respected figures in the party; and for the Socialists, Sig. Pietro Nenni, the 87-year-old elder statesman of the party.

Although the main parties have so far not agreed on a common candidate, they appear intent on reaching a compromise to avert the threat of serious political repercussions, which would follow a major confrontation.

The Christian Democrats held bilateral talks today with the other parties in an attempt to reach an agreement as quickly as possible. After the talks, the ruling party indicated that it would consider a presidential candidate from another party as long as there was all-party agreement on his nomination.

The Socialists, however, are insisting that the new president be nominated from their ranks. The Communists favour a non-Christian Democrat candidate, while insisting on all-party consensus.

Rich nations urged to increase Third World aid

BY DAVID WHITE

PARIS, June 29.

THE U.S., Japan and West Germany were called on today to give urgent consideration to their aid policy ahead of July's Bonn summit.

Mr. Maurice Williams, chairman of the OECD's 17-country development assistance committee (DAC), said weak efforts by the three top economic powers in the West were the main reason for a disappointing aid performance last year.

Official development aid from the DAC group rose by only $1.1bn last year to $14.8bn, showing virtually no improvement in real terms. The organisation's objectives for helping the poorest quarter of the world's population could not be met without a large and immediate increase in aid funds, he said.

As a share of the 17 countries' gross national product, official aid actually dropped from 0.33 per cent to 0.31 per cent, less than half the UN's target figure of 0.7 per cent and the second lowest level in the 20 years since aid figures have been compiled.

Only about half the total of official assistance goes to the poorest countries. The present volume of aid, Mr. Williams said, was not adequate to help developing countries fulfil their potential.

Disparities between different countries' aid record had become more marked, he said. The smaller DAC countries—notably Scandinavia and Holland—had greatly improved their record, but U.S. and West German aid spending as a share of GNP had dropped, and Japan's had stagnated.

Commitments made last year, which to some extent determine how much will be handed out this year, increased by only 7 per cent, but there were some indications that things would improve. The U.S. had projected higher aid and Japan had announced its intention to double aid funds over the next three years. But in West Germany there was "no evidence that the Government has taken the kind of measures that would substantially and effectively increase its aid."

The Communist countries also came under fire. Their contribution—$600m in 1976, more than half of it from China—was "a pittance of help and concern for the Third World."

The overall flow of resources from the DAC countries rose last year by about $3bn to $43bn. Of this, the dominant part was made up by private flows of $24bn, largely to middle-income countries. At current prices, this was below the 1975 level.

Developing countries' receipts from all sources increased to $64bn from $59bn.

Oil exporters' funds for the developing world rose to $9bn from just above $8bn. About $5.5bn of this was on concessional terms, or about 2 per cent of OPEC's joint gross national product. The next record among the DAC countries, Sweden's, was just under 1 per cent.

The DAC chairman said that OPEC aid had ceased to be concentrated heavily in the Middle East and was now better distributed among developing countries.

Aid terms had tended to soften, with new commitments showing an increase in the grant element.

Measures were essential for stepping up direct investment in developing countries, a theme brought out in the recent OECD ministerial meeting, Mr. Williams said. Investment should be directed particularly at meeting future needs, especially energy and food.

	Total official commitments development aid 1976	1977	Commitments of GNP as % 1976	1977
	($m)			
Australia	420.1	552.9	0.45	0.59
Austria	69.2	69.1	0.17	0.14
Belgium	490.5	595.1	0.73	0.74
Canada	1,189.1	1,315.1	0.62	0.67
Denmark	227.0	286.6	0.59	0.68
Finland	57.9	60.0	0.21	0.20
France	2,577.2	2,619.8	0.74	0.69
Germany	2,238.2	2,562.2	0.50	0.50
Italy	215.3	189.0	0.13	0.10
Japan	1,477.0	2,602.0	0.27	0.38
Netherlands	1,168.7	1,217.9	1.33	1.15
New Zealand	51.7	35.8	0.40	0.25
Norway	239.7	274.2	0.77	0.77
Sweden	644.1	997.2	0.87	1.27
Switzerland	133.9	138.7	0.23	0.22
U.K.	1,154.6	1,059.2	0.52	0.44
U.S.	7,063.8	6,175.0	0.41	0.33
TOTAL	19,418.0	20,749.8	0.47	0.44

Successful Salyut link-up

MOSCOW, June 29.

A POLISH SPACEMAN, Major Miroslaw Giermaszewski, and his Soviet partner, Colonel Pyotr Klymuk, were settling in today for a week's stay aboard the Salyut-6 space station as guests of two resident Soviet cosmonauts.

The visiting cosmonauts docked their Soyuz-30 craft with Salyut last night, 26 hours after blast off, and floated through the entry-port to a jubilant welcome from Colonel Vladimir Kovalyonok and Mr. Alexander Ivanchenkov.

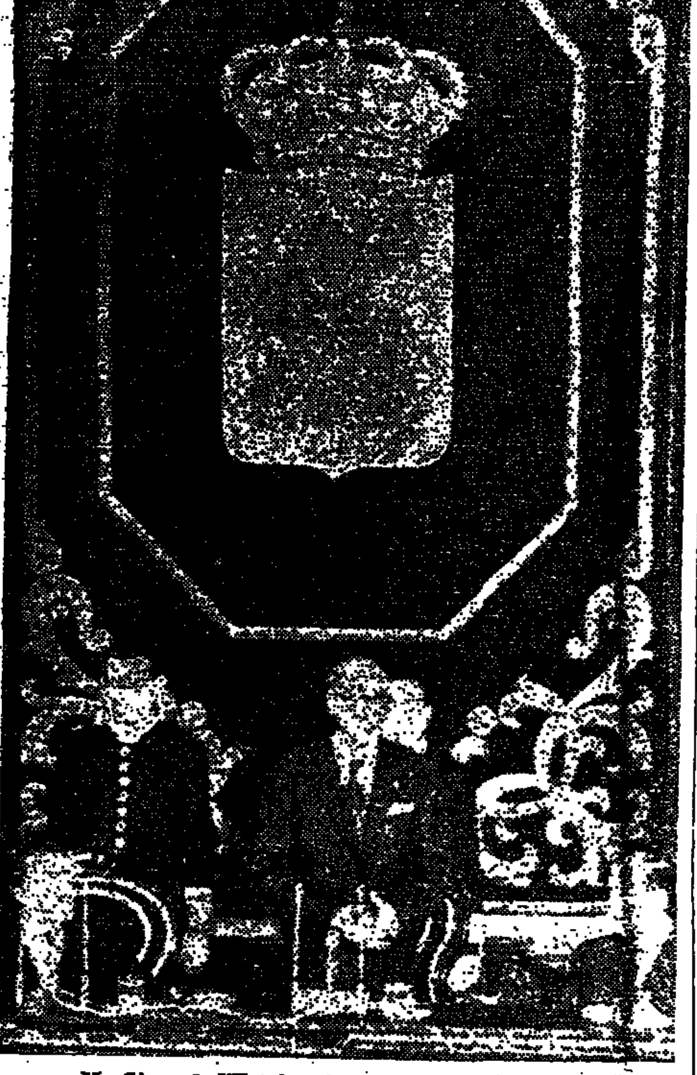
"Come on in and make yourselves at home," one of the hosts called as the four men exchanged hugs and clasped hands in triumph at the successful linkup. The Soyuz-30 crew brought telegrams, newspapers and letters for their hosts, who boarded the 19-ton orbiting laboratory 12 days ago, in exchange for a brown-and-white teddy bear, thrust into Major Giermaszewski's hands as he entered.

The Soviet news agency Tass said that Major Giermaszewski and Colonel Klymuk would spend seven days on the station carrying out their special research programme. "Tomorrow, we get down to work on Salyut-6," Major Giermaszewski, the first ever Polish spaceman, told television viewers.

The programme, part of it planned jointly by Soviet and Polish scientists, included testing the effects of weightlessness on the human body and photographing the earth's surface, Tass said.

Soyuz-30's mission seemed likely to follow closely the pattern set last March by the Soviet cosmonaut Mr. Alexander Gubarev and Czech Air Force Captain Vladimir Remek, whose flight broke the U.S.-Soviet monopoly on manned space shots. Mr. Gubarev and Captain Remek spent a week aboard Salyut with other cosmonauts who were setting a space endurance record of 94 days.

Reuter



M. Giscard d'Estaing in the Cortes yesterday.

French President warns on Spanish EEC entry

BY ROBERT GRAHAM

MADRID, June 29.

PRESIDENT Valery Giscard d'Estaing on the second day of his State visit here told a special session of Parliament today that Spanish entry into the European Community would require a strong process of readaptation by both France and Spain.

He also warned that "certain sectors" of French agriculture must be assured that they will be able to maintain satisfactory activity as a result of Spanish entry.

Although M. Giscard d'Estaing chose to bury his remarks on Spain's application to join the EEC in the middle of his speech to Parliament, this was the part his audience was most anxious to hear.

He began his remarks on the EEC by saying that "France is favourable to Spanish entry into the Community." He said that he had told this to the King yesterday and had already said the same to Sr. Adolfo Suarez, the Premier, when he was in Paris.

However, he then proceeded to qualify this support. "It is clear that the entry of Spain will create a new situation which will force each one of us to go through a rigorous readaptation process, he said, adding that "Inevitably there will be problems for France, and certainly some agricultural sectors will have to be able to continue carrying out their activities in a satisfactory manner."

Initial Spanish reaction was that the French President in public at least was offering no new assurance about France's position on Spanish agricultural produce. Traditionally this has been the most opposed to concessions to Spain over EEC entry.

● Firebombs have been thrown at the French consulate and at Renault car company office in Valencia in protest against President Giscard's visit to Spain. There was little damage. Reuter

OECD economic report

BY DAVID WHITE

PARIS, June 29.

ECONOMIC RECOVERY in Spain is at the mercy of richer countries' growth policies, the Organisation for Economic Co-operation and Development (OECD) concludes in its latest report.

Despite the threat of a big rise in unemployment, the OECD warns the Spanish Government against expansionary measures. The positive results of its stabilisation programme—falling inflation and a narrowing trade deficit—are still too fragile and are partly due to the weakness of home demand.

Stimulatory measures, it warns, would bring a rapid increase in imports. It forecasts a reduction in Spain's current account deficit this year to $1.5bn from $2.5bn, while the rise in consumer prices should slow to 18 per cent from 24.6 per cent last year.

The choices facing the Spanish authorities are particularly difficult, since there are also serious risks in keeping demand down for too long, the report says. The fall in investment could hit Spain's potential for growth in the next few years, and unemployment could get even worse.

The OECD's outlook for unemployment this year is for a bigger increase than that predicted by the authorities. The total, it says, may reach the 1m mark or 7 per cent of the workforce.

A consensus between Government, labour and industry on limiting wage and price increases could pave the way for an easing of demand management and a better output and employment picture next year.

To make this acceptable to unions and employers, the Government could increase benefits for the lowest paid and hold back increases in public tariffs.

In order to reduce unemployment, it is estimated that gross domestic product would have to grow by between 4.5 per cent and 6.5 per cent a year, the report says.

Banks to meet on Turkey's debts

BY METIN MUNIR

ANKARA, June 29.

THE EIGHT major international banks which are co-ordinating the restructuring of Turkey's $2.5bn debt to foreign banks are to meet in Zurich next Monday and produce their final proposals, central bank sources said today. The proposals will be circulated among the 221 banks involved as a central bank proposal.

The central bank believes that it will be able to despatch the document between July 15 and 20.

The proposal will be in two sections. The first will deal with the restructuring of $2bn foreign banks have deposited in the so-called convertible Turkish lira accounts in Turkish commercial banks and $500m of placements in the central bank.

The second section will be an invitation to participate in the syndication of a fresh loan of $500m.

The eight co-ordinating banks will be underwriting $200m-$250m of this amount, the central bank said.

One of the outstanding issues which will have to be resolved next week is the question of spread to be charged over inter-bank rates. This will be between 1.50 and 1.75 per cent, according to bankers. Hitherto a spread of 1½ per cent has been expected.

With the restructuring, the Ministry of Finance will guarantee that repayment for the debt will be made in foreign currency transferable on the due date.

Extension for both the convertible Turkish lira accounts and bankers placements would be for six years, including a three-year grace period. A quarter of each deposit will mature at the conclusion of the third year after the extension, with a similar percentage maturing each consecutive year.

The present convertible Turkish lira deposits do not enjoy a repayment guarantee by the Ministry of Finance or any other Government body.

The Ministry of Finance, however, had guaranteed that foreign exchange would be made available for the transfer of matured deposits. (This guarantee had in practice been reneged on since the beginning of last year when the acute shortage in foreign exchange commenced.)

However, there appears to have been no specification on when this foreign exchange allocation guarantee should have come into effect. While some contend that the guarantee should have come into effect as soon as the deposit mature, others say there is no such clarity.

Nobody involved wishes to talk about contingency plans for the eventuality of some banks not wishing to subscribe.

A central bank official, who denied that a contingency plan existed, said: "We trust that all banks will agree that this is the best possible course for all concerned and subscribe."

It was inconceivable that those banks which did not subscribe to the scheme profited more than those which did. In other words, he added, banks which did not subscribe to the scheme would be paid after those which did.

The banks would be asked to reply within a deadline of "two or three weeks."

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Bundesbank move to boost liquidity

BY GUY HAWTIN

FRANKFURT, June 29.

THE BUNDESBANK today announced measures to increase the liquidity of the West German banking system. From the start of next month the rediscount quotas are to be increased to make a further DM 3bn (£779.2m) available to the banks.

Dr. Otmar Emminger, Governor of the Bundesbank, said at a Press conference this afternoon that the DM 3bn increase in the rediscount quotas—which currently stand at DM 25bn (£6.5bn) had been necessary on seasonal grounds. It will allow the banks a greater opportunity to return to normal refinancing methods and reduce their reliance on special financing measures, the demand for which has been averaging DM 6bn this year.

The seasonal increase of cash in circulation would produce a demand for a further liquidity to the tune of DM 3bn in July. Even so, the Bundesbank's measures were not "a drop in the ocean" as the banks had practically unlimited access to Lombard credit, he said.

Undoubtedly, the Bundesbank's announcement is a timely one for the bond market which has been depressed for some time. Dr. Emminger agrees that the measures would strengthen the market, but he said they were intended primarily as help in the form of increased liquidity and not as price support measures, although this could also be their effect.

Dr. Emminger also announced that the Bundesbank Council today agreed a number of technical measures aimed at improving the structure of the rediscount quotas. These are aimed at increasing the banks' ability to utilise their quotas more effectively.

The Bundesbank's announcement should be seen against the background of the considerable cash outflows from the Federal Republic following the strengthening of the dollar. These have considerably increased the banks' liquidity needs. Indeed Dr. Emminger today did not rule out that—within the context of "steady and inflation-free monetary management"—further measures may be necessary later.

The free liquid reserves of the banks currently stand at DM 9.2bn (£2.39bn) compared with DM 13.6bn in December, said Dr. Emminger. Therefore the Bundesbank could not be accused of too expansionist a monetary policy, he said.

Barcelona go-slow called off

About 1,800 dockers in Barcelona, Spain's main port, ended a two-month go-slow yesterday after the Civil Governor threatened them with dismissal and possible sedition charges, Reuter reports. The dockers had been demanding more pay and improved safety conditions.

Cornfeld to pay

Financier Bernard Cornfeld is to pay Sw.Fr.4m ($2m) to 380 ex-employees whether or not he is convicted on charges of swindling them, his lawyer told Reuter in Geneva. He has said he does not dispute the workers lost money, but insists it was not his fault.

Crude oil surplus

The real excess supply of crude oil is currently about 6.5m barrels a day, and this should rise as more production of low sulphur light crudes from Alaska and the North Sea reach the market, according to M. Andre Benard, director-general of Royal Dutch Shell, Reuter reports from Paris.

NATO changes

U.S. generals will hand over command of two key NATO positions to Turks today—the South-East Europe Land Forces and Sixth Tactical Air Force, Reuter reports from Izmir.

EEC doubts on 'crisis cartels'

BY GUY DE JONQUIERES

BRUSSELS, June 29.

THE EUROPEAN Commission has again postponed a decision on the policy it should adopt towards industrial "crisis cartels," amid growing signs that a number of the 13 Commissioners now doubt whether steps should be taken to exempt such arrangements from the full rigours of EEC competition law.

The question has been under discussion in Brussels for more than a month. It has now been decided that it should be set aside until the Commission meets on July 19, shortly after the seven-nation economic summit in Bonn.

The delay coincides with indications that the West German Government is having second thoughts about the cartel arrangements recently concluded between the major EEC producers of synthetic fibres and wants further clarifications about their operation before deciding whether to give them its seal of approval.

Several weeks ago, Count Otto Lambsdorff, the West German Economic Minister, indicated that his government was prepared to accept the cartel, albeit reluctantly. But Bonn now appears concerned about provisions in the arrangement apparently designed to bring about a sharing of markets between the producers.

The German Government is understood to be seeking reassurances that these market-sharing provisions will not stand in the way of a reduction of surplus capacity in the fibres industry, which is supposed to be one of the cartel's main objectives.

The EEC Commission has before it a proposal for a special regulation which would effectively exclude crisis cartels from the prohibition in the Rome Treaty on restrictive business arrangements. If approved by the Commission, the proposal would also have to win the unanimous backing of the Council of Ministers.

The regulation was drawn up by M. Raymond Vouel, the Competition Commissioner, who believes that it represents the only way of sanctioning crisis cartels without severely distorting competition law. It has been strongly supported by Viscount Etienne Davignon, the Industry Commissioner, who has actively encouraged the formation of the fibres cartel.

BP wins oil supply case

BY MARGARET VAN HATTEM

BRUSSELS, June 29.

THE EUROPEAN Court of Justice has upheld an appeal by British Petroleum and annulled an EEC Commission ruling against three BP susbidiaries in the Netherlands.

The Commission ruled early last year that the Dutch subsidiaries abused their dominant position in the market during the height of the oil crisis between November, 1973, and March, 1974, by withholding supplies from a major Dutch client, the Aardolie Belangen Gemeenschap (ABG).

The Commission said at the time that the BP subsidiaries cut petrol supplies to ABG, a major and traditional customer, in a discriminatory way which threatened its existence.

However, the court has accepted BP's arguments that because at the time it no longer had a contractual relationship with ABG, it did not have the same obligation to maintain supplies that it had with its contractual clients.

The court found that there was no abuse and, therefore, did not go into the problems of market dominance, which it was expected to clarify on this occasion.

W. German business optimism growing

By Jonathan Carr

BONN, June 29.

WEST GERMAN businessmen are generally less pessimistic about prospects for the coming months—and the building sector in particular is doing so well that many companies report shortage of staff.

This emerges from the survey of business opinion for May carried out by the IFO economic institute of Munich and released today. It confirms a more positive tone emerging in economic comment elsewhere, including from the Bundesbank — though few believe that the Government's original hope of 3.5 per cent real growth in GNP this year can still be fulfilled.

The survey underlines that clear division in the economy between most industrial sectors, struggling slowly out of the intense gloom of the first quarter, and the sharp upswing in the building trade.

Most companies producing capital and consumer goods as well as consumer durables forsee a marginal improvement in business over the next six months. But few are planning to increase production in the next three months. IFO comments that there is little sign of an overall self-sustaining upswing — implying further measures to boost the economy will be needed.

In the building sector most companies now want to take on more workers while at the same time last year most were cutting staff. Further, one fifth of all companies report production problems because they have too few skilled workers—in an economy where there are still nearly 1m listed unemployed.

There are now about 400,000 fewer people employed in building than at the height of the boom in 1971. Many skilled workers who left during the recession have learned other trades and will not now return to their old jobs. Further, many foreign workers have returned to their homes and there is a ban by the Bonn Government on new hirings abroad.

OVERSEAS NEWS

Israelis playing down Mondale visit

BY DAVID LENNON

TEL AVIV, June 29.

ISRAEL IS trying to play down the political significance of the visit by the U.S. Vice President, Mr. Walter Mondale, which starts tomorrow.

Officials here are anxious to stress the ceremonial nature of the visit originally designed to mark Israel's 30th anniversary But tough talking is expected from the Americans who view this as the *beginning of a new* effort to restart the stalemated peace negotiations between Israel and Egypt.

Meanwhile in Jerusalem a bomb exploded in the open air vegetable market this morning killing two shoppers and injuring 40 more. The timing of the explosion is seen as designed to emphasise the Palestinian problem on the eve of the Vice Presidential visit.

Israel will try to avoid substantive talks as much as possible, because it is clear that both countries disagree profoundly about the steps needed to revive President Sadat's peace initiative.

Israel believes that it is being unfairly pressed by the U.S. to *make concessions*, while the Americans are not urging Egypt to make similar gestures.

But Mr. Mondale and his team includes senior White House and State Department aides are expected to make clear the American anger over the recent *Israeli cabinet decision. First* Israel refused to give clear answers to American questions *about the future of the West* Bank and Gaza Strip, and then flatly rejected Egyptian *suggestions about the occupied territories*

Mr. Mondale will be keen to learn what Israel's position will be *if talks are arranged in London* early next month between the Egyptian and Israeli Foreign Ministers, with the participation of the U.S. Secretary of State.

It is unlikely that he will be given any new ideas to take with him to Egypt when he pays a brief call on President Sadat early next week. The Israeli position is that further progress can now only be made through a revival of the direct talks between the two sides.

But Israel will be anxious to stress the ceremonial aspects in an effort to avoid the almost *inevitable* clash which will develop if the Americans continue to press for greater *flexibility from Jerusalem.*

The Prime Minister's spokesman said today that Israel does not view the Vice-President's visit as the "*start of a process* of negotiations." He said that there would be "an exchange of *views" and that* Mr. Mondale would get an assessment of the situation as seen in Jerusalem.

It was because of *the stress* being placed on the ceremonial aspects of the visit that a row developed over the status of the Vice-President's visit to East Jerusalem. The U.S. has not recognised Israel's annexation of the old city in 1967 and therefore could not permit an official visit there.

The issue was resolved when it was agreed that Mr. Mondale would make a private visit to the old city, but would be accom*panied by the Israeli Mayor* when he visited the Wailing Wall.

Eritrean guerrillas call for talks

BEIRUT, June 29.

THE TWO major Eritrean guerrilla organisations today offered to have direct negotiations with the Ethiopian Government to end 17 years of war for the independence of the province from Ethiopia.

The offer was made at a joint Press conference by Mr. Ahmed Nasser, head of the Eritrean Liberation Front—Revolutionary Council (ERF—RC), and Mr. Ramadan Mohammed Nour, Secretary-General of the Eritrean People's Liberation Front (EPLF). It followed a secret visit to Moscow *earlier this* month by Mr. Nasser amid signs of increased Soviet pressure for a negotiated end *to the* protracted conflict over Eritrea.

Reuter

John Worrall adds from Nairobi: The U.S. Embassy in *Addis Ababa announced today* that the U.S. is giving $250,000 in emergency relief for the *famine-stricken people of* Wollo and Tigray provinces. It is estimated that some 1.5m *people are affected by severe* drought.

The grants will cover transport *of relief food and commodities*, the building of emergency grain storage in western *Wollo, replacing oxen*, seed and small agricultural tools for farmers affected, the extension *of relief emergency radio communications* to remote drought areas, and two grain evacuators *for the port of Assab to* accelerate the movement of relief grain to stricken areas.

Dacca Cabinet to be sworn in

By Our Own Correspondent

DACCA, June 29.

A 47-MEMBER Cabinet will be sworn in tomorrow morning in Bangladesh replacing the 23-member Council of Advisers to the President. Since President Ziaur Rahman's victory in the presidential elections on June 3, he has been under pressure from the six member parties which form the Jatiotabadi Front to form a political government in Bangladesh before the scheduled elections in December. *These will be to* elect 300 members to a National Assembly or Parliament.

Ministers 'to quit' in India

NEW DELHI, June 29.

THE INDIAN Cabinet was today reported to have called for the resignation of Mr. Charan Singh, the Home Minister, and Mr. Raj Narain, the Health Minister, as a leadership battle in the ruling Janata party reached a crucial *stage*.

Reuter

Tension after Lebanon massacre

BEIRUT, June 29.

THE LEBANESE Cabinet met in an emergency session under President Elias Sarkis today to deal with mounting tension following the massacre of over 30 Christians in east Lebanon yesterday. President Sarkis also consulted Lebanese army officers and commanders of the mainly Syrian Arab peace-keeping force.

According to Right-wing supporters, the number of those killed yesterday was 36. Right-wingers are accusing the Syrians. But observers link the new violence to the massacre two *weeks ago in the northern town* of Ehden in which 36 people, all Christian, were killed, including *Tony Franjieh, eldest son of* former President Suleiman Franjieh, his wife and his baby daughter.

The murdered men yesterday were picked up at four Christian villages near the ancient town of Baalbeck some 35 miles east of here, then taken to a nearby wooded area and shot. They were all members of the Right-wing Phalange Party.

Most of them also were Greek Catholics, or Melchites and *Greek Catholic Patriarch* Maximos Hakin today met President Sarkis and later attended a *meeting of the community's* religious and political leaders.

News of the Baalbeck massacre came only a few hours after the Government had announced a new security plan to head off expected trouble at the end of the deadline set by former President Franjieh. Tomorrow is the last day of the ultimatum, in which Mr. Franjieh told Phalangists in the north either to leave the party, leave the area altogether or face the consequences.

Zambia promised substantial aid

BY DAVID WHITE

PARIS, June 29.

CREDITOR COUNTRIES meeting here today have promised aid to cover just over half the *expected $1bn gap in Zambia's* resources over the next three years.

Mr Willi Wipermans, regional vice-president of the World Bank, said, after a consultative meeting *of the creditor countries he was* optimistic that the remaining needs could be met. The U.S., *Britain and France* have promised higher aid, but a number of other countries have *still to indicate their aid plans.*

President Kaunda has, meanwhile, asked the World Bank *president, Mr. Robert McNamara*, for urgent consideration of Zambia's transport problems resulting from the closure of its border with Rhodesia, Mr. John Mwanakatwe, Zambian Finance Minister, told journalists.

The Minister firmly denied that Zambia envisaged having to re*schedule* any of its $1.2bn external debt. In March, Zambia agreed with the International *Monetary* Fund on conditions for a $390m credit over two years, on the basis of plans to reduce the country's budget deficit.

The U.S. has, meanwhile, pledged $100m over the next three years, Britain has expanded its pledge from £17m to £32m, and the World Bank has just granted a $22.5m loan for road transport. The Saudi Arabian Fund for Development, which attended the three-day meeting, gave no clue as to its loan plans. *There have been rumours of a* large bilateral credit being considered by the Saudis.

*With no dramatic improve*ment in copper prices in sight for at least the next two years, *the Finance Minister expected* little variation in Zambia's payments shortfall of some $300m in 1977.

Transport constraints, affecting both copper exports and vital *imports, dominated the meeting*. The Zambian Government was weighing up various alternatives *for improving the vital rail link* with Tanzania, a link with Malawi's rail plans, and a road *to meet Angola's Benguela rail*way, which would bypass Zaire.

The cost to Zambia of adhering *to the mandatory sanctions* against Rhodesia had passed $750m, Mr. Mwanakatwe said.

Chinese coal production may exceed 500m tonnes

BY COLINA MacDOUGALL

PROSPECTS FOR the Chinese coal industry in 1978 are the best for years. The effects of full recovery from the damaging earthquake at Tangshan in 1976 will shortly be apparent and the industry's total output should exceed 500m tonnes, according to a magazine forecast.

The forecast was indirectly related to a recent announcement from the New China News Agency that Chinese mines had fulfilled their January-June quota ahead of schedule.

Although progress in increasing mine capacity will remain limited, output from small, locally-run mines will increase, the forecast said. Plans for mechanisation and modernisation would require an unprecedented rise in Chinese imports of foreign mining machinery.

This conclusion is of particular interest to Britain and West Germany, because of China's preference for the long-wall method of mining. The U.S. could benefit from any expansion of open-cast mining which China might undertake because Peking imported substantial amounts of mining equipment between 1972 and 1974.

The forecast in the Hong Kong based magazine Current Scene estimated coal production last year was about 490m tonnes, over 11 per cent up on 1976. Output at the Kailuan field, badly damaged by the earthquake, recovered to 12.5m tonnes, half the estimated output of 1975.

South Africa to introduce new sales tax

BY BERNARD SIMON

JOHANNESBURG, June 29.

A MAJOR shift of emphasis in the South African Government's fiscal policies takes place on Monday with the introduction of a 4 per cent General Sales Tax (GST), a similar levy to the UK's VAT.

Broadly speaking, the tax will be levied on the sale and rent *of all goods and services to end*-users. It will largely replace existing sales duties, which since *1969 have been levied selectively* —mostly on luxuries—at the point of manufacture. The *introduction of GST may also* enable the Government soon to reduce, or even abolish, the *present 12.5 per cent import* surcharge.

The Treasury expects GST to yield about R1,000m in tax revenue annually, and it thus *marks a major shift away from* direct to indirect taxation. Thanks to the revenue to be generated by GST, the Minister of Finance was able to announce a slight cut in personal and company taxes in his budget last March.

The regressive nature of the *new tax has, however, prompted* calls from trade unions and consumer groups for the exemp*tion from GST of basic food*stuffs. The Government has turned down these requests, but *in an effort to keep down the* inflationary effects, the tax will not be levied on intermediate *goods in cases where they form* a significant part of production costs.

Other exemptions include goods for export, payment for utilities and public transport, *servicing and repair charges for* capital goods and sales of strategic imports.

A feature of the tax is that merchants have been given the choice between adding it on as *an extra item to the marked* prices of their goods, or including it in the quoted sales price. *According to a survey by the* association of chambers of commerce, two-thirds of traders *have opted for the former add-on* method.

AMERICAN NEWS

Carter to change secrecy procedures

WASHINGTON, June 29.

PRESIDENT CARTER is preparing to announce sweeping changes in the way the U.S. Government classifies documents, which will try to strike a balance between the public's right to know and national security.

Administration officials said that Mr. Carter, who pledged during his campaign to revise the Government's classification procedures, has given final approval to the new policy. A formal announcement is expected later today.

The Government has classified thousands of documents as "confidential," "secret" or "top secret." Critics of the system say documents are often classified arbitrarily, with no serious consideration of their relationship to security, leading many documents to be overclassified.

Mr. Carter's executive order will sharply reduce the number of agencies with authority to classify documents. It is also expected to cut the number of years for which a document is automatically classified and establish an agency of 10 to 20 people to review the bureaucracy's compliance with the new procedures.

A key part of the new order is likely to be a provision requiring that under certain circumstances the Government must balance the *public's interest* in a disclosure with the requirements of national *security. The agency involved* will make the "balance test" if there is "some reason to *believe that there is a significant* public interest in disclosure," such as a request *for the document under the* Freedom of Information Act, said one official.

AP-DJ

GM to raise production of Chevettes

By John Wyles

NEW YORK, June 29.

GENERAL MOTORS is to boost daily output of its strong-selling mini car, the Chevette, by 64 per cent from next February, indicating the growing emphasis on small-car production in the U.S.

Dealer deliveries of the Chevette have risen by 87 per cent since last October, thanks to aggressive pricing and increasing consumer acceptance of small vehicles. In common with all U.S. car manufacturers, GM is having to reduce the size of its fleet of cars and to market *small cars more* vigorously in order to meet Government fuel economy *regulations, which require all* cars sold to achieve an average minimum fuel consumption.

GM claims that the Chevette is the fastest selling sub-compact car in America and that its production plant at *Wilmington*, Delaware, has been working at full capacity to meet demand.

With production running at 1,120 units a day, the company expects to *sell 285,000* Chevettes by the end of the current model year in September and to have captured 11.1 per cent of the sub-compact market.

The increased output, which will raise production to 1,840 a day, is to be achieved by turning *over a second assembly plant*, at Lakewood, Georgia, to Chevette production. This *move, which will require* extensive retooling, is a sign of GM's faith in its abilities to *continue to chip away at import* penetration of the small car market.

U.S. COMPANY NEWS

Grand Union in bid for Colonial Stores; Stock market listing sought by Global Natural Resources; Treasury bond issue at 8¾ per cent—Page 25

Textile industry demands protection from imports

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, June 29.

LEADERS OF labour and management in the U.S. textile industry combined today to urge Congres and the administration to stem the flow of imports.

They demanded that textiles, *fibres and apparel* be removed from the multinational trade negotiations now nearing conclusion in Geneva, *and be given* separate restrictive treatment.

More than one piece of legislation to this effect is pending in Congress. So far, the administration, which wishes the new trade regime to be as encompassing as possible, has resisted *such exclusion, but*, as development today showed, the protectionist pressures are mounting, *and are finding even more* receptive grounds, as congressmen fel the added need to serve *their constituents as the mid-term* election in November approaches.

The demands today were issued jointly by Mr. George Meany, head *of the AFL-CIO (the U.S.* equivalent of the TUC in Britain), and Mr. Murray Finley, president of the Amalgamated *Clothing and* Textile Union, on the labour side; and by Mr. Irving Shapiro, chairman of Dupont, and Mr. Robert Small, president of the American Textile Manufacturers' Institute, on the management side.

These leaders urged "strong and quick action" to combat the surge in textile, fibre and apparel *imports which*, they said, had already rise by one third in the first four months of this year, *compared with the equivalent* period a year ago. If they continue to increase at this pace, *they would reach a record level* and further harm an industry "already seriously damaged" by imports.

They cited Labour Department statistics to the effect that more than 200,000 U.S. textile workers were out of work (and 160,000 on short time) during the first five months of this year.

In addition to the exclusion of textiles, fibres and clothing from trade negotiations, their seven-*point plan included—demands for* tighter control of existing quota agreements with supplier countries; negotiation of new bilateral agreement, whenever exports from a country not covered by quotas started increasing; renegotiation of existing agreements with Taiwan, Hong Kong and South Korea so as to curb imports further; faster anti-dumping procedures; and tighter customs control of imports.

In addition, the textile union said that today it had filed new charges against Pakistan, Mexico, Malaysia, Singapore and Thailand alleging that illegal subsidies were being paid to manufacturers in those countries.

Textron committee to look at payments allegations

BY JOHN WYLES

NEW YORK, June 29.

TEXTRON, the Rhode Island company headed until the beginning of the year by Mr. William Miller, now the Federal Reserve Board chairman, has set up a special committee to search for evidence of "questionable payments" which it may have made.

The three-man committee of outside directors appears to have been given the task of trying to clear the cloud of suspicion still over the company *since the* series of allegations of improper payments which were made during the Senate *confirmation* hearings on Mr. Miller's appointment to the Fed.

Attention has *focused on* Textron's payment in 1973 of $2.9m to Gen. Mohammad Khatemi, the Iranian Air Force chief of staff, who has since died. The payment was followed by the *award of a $500m contract to the* Textron subsidiary, Bell Helicopters.

*No evidence has been pro*duced to question Mr. Miller's denial that he had any knowledge that Gen. Khatemi would receive the money, nor his *denial that he was aware that* the General controlled Air Taxi, the company acting as Bell's sales agent.

Despite having confirmed Mr. Miller, the Senate Banking Com*mittee is continuing to investi*gate possible improper payments by Textron. Another issue being *investigated is the destruction of* a memo discussing secret payments to a Ghanaian official, the *day after Mr. Miller denied any* knowledge of it.

Mr. Joseph Collison, Textron's *new chairman, said yesterday* that the company's investigating committee would search for "*any payments to Government* officials, political parties or candidates, any improper payments *to customers or suppliers*, and billing payment and accounting practices at all Textron divisions, *subsidiaries* in U.S. and abroad from January 1, 1971

Jamaica draws part of IMF loan facility

By Canute James

KINGSTON, June 29.

THE JAMAICAN Government today drew a total of $35m of the $240m loan facility granted last month by the International Monetary Fund (IMF). The drawing was made up of $16.3m under the extended fund facility and $18.7m under the compensatory financing facility.

The extended fund facility would have been drawn earlier *this month* but the Finance Minister, Mr. Eric Bell, has said that, if this had been done, the *island would* have lost $5m on the compensatory financing facility.

The Government is also now finalising details of the $51m facility being offered by the *newly-established* Caribbean Aid Facility, the so-called Caribbean consortium.

The Finance Minister has said that the details are being discussed on a bilateral basis, and that the loan will be for a 15-year period.

U.S. FEDERAL RESERVE BOARD

Why banks opt out

BY DAVID LASCELLES IN NEW YORK

THE FEDERAL Reserve Board under its chairman Mr. *William* Miller is profoundly disturbed by the Fed's shrinking membership. Unlike most other central banks, the Fed cannot compel banks to belong to the reserve *system—they are free to decide* whether to join, and only those that do are subject to the Fed's compulsory reserve requirements, which are among its main economic instruments.

But though many banks still decide to join, far more decide either to end their membership.

In 1950, about half of all U.S. banks, holding 85 per cent of banking deposits, belonged to the Fed. Today fewer than 40 per cent remain, and they hold 75 per cent of deposits. Moreover, the trend is still downwards, and the Fed sees no reason why this should change: rather the contrary, it expects to go on losing members unless it does something about it.

The implications of "membership attrition," as the Fed calls it, are clear. The Fed can hardly *claim to speak for or control the* banks when it regulates just over one-third of them. Its control over credit and monetary policy is arguably weaker than it would be if all banks belonged. And the fact that *Fed membership* now consists primarily of the big commercial banks makes it *look like a club of the rich and* powerful, which is resented.

The main reason why banks *decide to leave is undoubtedly* the compulsory reserve requirement which the Fed, like other *central banks, imposes. The Fed* pays no interest on these funds, putting members at a distinct commercial disadvantage, *vis-a-vis* non-member banks. Banks also complain that regulation by the federal authorities is cumbersome, and that the Fed can be blind to the needs of local community banks which, in numerical terms at least, make up the large majority of U.S. banks.

By leaving the Fed, banks do not escape regulation altogether since they pass into the control of their state authorities. But while states also demand compulsory reserves, they mostly pay interest on them, and they tend to be responsive to local banks' needs. On the other hand a bank operating with a state charter can operate in that state alone.

These are precisely the arguments put forward by the largest bank to leave the Fed this year, the First People's Bank of New Jersey, with total assets of some $850m. It complained of "significant income losses to both bank and shareholders" because of compulsory reserves, and said the authorities were unreasonably slow in processing its request to acquire another New Jersey bank.

Against this, membership has certain advantages. The biggest is access to the Fed's "discount window" where it lends funds below market interest rates to banks that can show good cause for nedin gthem. The Fed also operates a cheque clearing system and other services for which it makes no charge. Many member banks make use of these on *behalf of non-member correspon*dent banks, and then charge them for it, creating a useful *source of extra income*.

A less tangible advantage, but undoubtedly a consideration for *small, ambitious banks*, is the fact that only Fed members can call themselves "national banks," *a title* which adds prestige. Thus, the Morris Plan Bank and Trust with assets of $73m., a *single branch bank in* Wheeling, West Virginia, recently joined the Fed and became the Wheeling *National Bank* because, it said, it wanted to consolidate the position and reputation it had built *up over the previous ten years*.

On balance, though, the Fed's recognises that membership is a burden, and it has spent several years examining what to do about it. Earlier this year it made a series of proposals which is now being examined by the Fed Board this afternoon. One of the most important and controversial is that the Fed should pay interest on compulsory reserves. This has aroused the hostility of other government departments and Congress.

The politicians, headed by Mr. William Proxmire, Chairman of the Senate Committee on Banking, Housing and Urban Affairs, claim that this would be an *illegal practice* since it would usurp the power of Congress to allocate Government funds. The Fed, as an agency attached to the Government, they say, can only distribute money as authorised by Congress.

Mr. Miller has cautiously responded that if it appears that the Fed is prohibited by law from paying interest on reserves, then Congressional authorisation would be necessary, though he has indicated that he does not *believe the legal position to be as* clear as Congress says it is.

The proposal also annoys the *U.S. Treasury which stands to* lose millions of dollars in income. At the moment, the Fed invests compulsory reserves in treasury securities, earning some $7bn a year from which it deducts about *$700,000* a year in operating expenses, and hands the remaining profit over to the Treasury. Part of this revenue would be lost to the Government if the Fed channelled it into interest payments.

Although the payment of interest on reserves would make membership more attractive, the Fed is also considering a proposal that all financial institutions, whether members or not, be required to maintain reserves at the Fed, and if so, how much.

The view behind this proposal is that the Fed needs these powers to operate an effective credit policy. But this has been contested. Opponents argue that the Fed already has several highly effective ways of controlling credit, mainly by influencing interest rates in the Fed funds market and the short-term inter-bank market, whose interest rates are a big factor in the entire structure of interest rates.

Opponents also say that if the Fed is genuinely in danger of losing its grip on credit, this could be remedied by legislation—giving it powers of direction in this field, over all banks and not by the roundabout route of calling in compulsory deposits. Similarly, critics respond to the Fed's claim that it needs a large membership to get the necessary statistical feedback and "feel" for the banking system with the argument that this too could be legislated for.

MINING AND OIL INDUSTRIES IN AUSTRALIA

A marriage of experience and money

BY DON LIPSCOMBE IN PERTH

A NEW kind of resources industry is emerging as the line between mining and oil industries narrows. The trend had begun before the Arab oil embargo and collapse of base metals prices, but the latter caused an acceleration and enabled oil companies to pick off mineral exploration and development projects at bargain prices. Consequently, petroleum and mining operations, previously distinct, are merging.

It would be too much to say, at this stage at least, that oil companies are swallowing up *mining companies; the concept* of even bigger and more powerful multinational resources *corporations* would send protestors for their banners and paints. But out of the growing *area of fuzziness between* petroleum and mining groups a new hybrid is taking shape, *destined to have a considerable* impact on the last decades of this century.

The causes are clear. Petroleum companies did well out of quadrupled oil prices, are flush with funds, have their own bureaucracies to support, often with a global span of experience, and recognise that oil is a finite resource and fast running out. At the same time, mining companies are pinched. Their normal style has been inhibited by throttled cash flows—the *result*, for one reason or another, of subeconomic metals prices. So the oil companies have moved in to fill the vacuum, taking the counter-cyclical initiatives that have usually been the domain of the bolder and more entrepreneurial mining bases, and so meanwhile improving their chances of surviving and expanding beyond the time when the last barrel of oil has been squeezed out.

With only a few exceptions, oil companies have become the most aggressive and expansionary operators in the business. In Australia, it has become hard to find a mineral exploration company without oil company backing, an oil company without a mineral exploration subsidiary, or a mining company without petroleum aspirations. Individual and corporate prospectors are more likely to take their deals to the oil companies than to the bigger mining houses where they have traditionally found their grubstake.

By the mid-1980s, if the normal record of successful discoveries and developments is maintained, these new oil-miner resources hybrids will be producing a significant proportion of industry's metal, as well as the energy commodities uranium, petroleum, and coal. Nearly all major oil companies —indeed, most mining companies as well—are exploring for uranium in Australia: Getty Oil has been spectacularly successful in partnership with Pancontinental at the Jabiluka deposit in the Northern Territory, among the richest and most easily mined deposits in the non-communist world.

Australia's biggest company, BHP, has successfully made the switch while retaining its autonomy so that its profitable petroleum operation carries the marginal industrial and mining divisions. In *1964* the company—with a steelmaking monopoly and key role in mining, particularly the Pilbara iron province—called on Esso's technology and capital to develop jointly the Bass Strait oil and gas between Victoria and Tasmania which now account for two-thirds of the country's petroleum needs.

The logic for co-operation between petrol and mining concerns is indisputable: the petrol companies are still flush with funds after the quadrupling of oil prices while mining companies are feeling the pinch. On the other hand, the petrol companies are well aware that oil is a finite resource which is fast running out.

The Esso-BHP partnership is maintained for Exmouth Plateau *exploration, frontier oil prospecting* off north-western Australia, considered the last chance to avoid dangerously high oil import bills. But meanwhile, after Burmah's withdrawal, BHP has brought into the *Woodshide* group, sharing the major interest with Shell in the joint venture to develop North West Shelf natural gas for liquefaction and export. The Woodside group, which also includes BP and Cal-Asiatic, is six months into a $50m project definition phase for this LNG scheme.

Shell is also joint venturing in onshore mining and offshore oil with Western Mining (having taken up Poseidon's interest in the Mt. Windarra nickel mine, subsequently placed on care-and-maintenance), and exploring together with Western Mining in the promising west coast Abrolhos area. Western Mining in turn has linked with BP's minerals subsidiary (BP is partner also with BHP in the Woodside Group), exciting considerable interest with the recently announced copper-lead-zinc strike at Benambra in Victoria.

Amax, most enterprising of the American mining houses working *in Australia, found it expedient* to help fund its expansions by hiving off 20 per cent of its share*holding to Standard Oil of* California (the Chevron company, parent also of Cal-Asiatic) and by relying on oil company funds for mineral exploration—for example Amoco's in a shared exploration programme on the Forrestania nickel discoveries in Western Australia. Amoco has become keener than the operator Amax to press ahead towards mining at Forrestania. Although Amax was among the first to secure Australian offshore oil acreage, it was relinquished when metals prices fell. Yet during the same phase, Atlantic Richfield's acquisition of Anaconda has turned the major American copper producer around at the Australian exploration level where it has begun a coal prospecting programme and has taken a stake in the Alwest bauxite mining and alumina smelting operation mounted by Reynolds Metals and BHP, again with Shell involved through its associated company Billiton.

An RTZ subsidiary, CRA, is proving one of the exceptions to the trend of miners allowing oil companies to make the running in minerals. CRA's Ashton diamond prospect may be behind this enboldening, or it could be due to the parent's announced decision to move closer to oil companies.

The styles as chairmen of men like RTZ's late Sir Val Duncan, Amax's Mr. Ian MacGregor and Selection Trust's Mr. Chester Beatty were right for the 1960s when their companies expanded their Australian mining bases spectacularly and profitably; all three men have been succeeded. Since 1973 caution, indeed pessimism, has proved the best way for mining companies to preserve funds and integrity. Thus the prudent and patient have tended to percolate to the top, replacing a generation of policy-makers who moved fast and often intuitively. How the new mining leaders respond to impending recovery will affect both their companies' vulnerability to oil companies, and the profile of metals prices—something that will affect everybody to some extent.

While the marriage of hard-rock miners' experience and oil companies' money and ambition may last, the implications of a possible eventual breakdown are fascinating. If it comes to a showdown, the oil companies are likely to come out on top, by using their financial strength and instincts *for survival* to control the resources industry by the mid-1980s. About that *time, too, given any kind of* general economical recovery, the recent investment shortfall in *new mines will start* to bite, creating shortages and sharply rising metals prices. On this *scenario, oil* companies are positioning themselves to take advantage of one of the great windfalls of the 1980s just as, many believe, they benefitted most from the oil shock of the 1970s.

Air France pilots dispute may block Boeing deal

BY DAVID CURRY

PARIS, June 29.

THE MANAGEMENT of Air France has warned that it will abandon plans to acquire 13 Boeing 737 aircraft to replace its Caravelles if the airline's pilots continue beyond September their refusal to fly them with only two people in the cockpit.

Permission to lease 13 Boeing aircraft was given by the Government earlier this year, as part of a complex package deal sorting out the State relations with the airline, which it almost wholly owns.

In particular, Air France promised to be the launch airline for the eventual European JET aircraft. The replacement of the 28-strong fleet of Caravelles over the next three years is vital to the company's financial recovery programme.

But one of the conditions for the replacement of the Caravelles by the Boeings was that they would be operated by a two-man cockpit crew, a practice common to all the company's leading competitors, according to Air France. The pilots claim that maintenance of safety standards requires a flight-deck mechanic to accompany the crew.

The airline has already missed the first chance to confirm its 737 options and has slipped back 7 months on the waiting list. It fears that, with significant British Airways and Lufthansa orders for 737s probably on the way, it could easily lose another eight months, and that this sort of delay could compromise the whole economics of the Caravelle replacement programme.

M. Pierre Giraudet, the airline chairman, told the annual meeting that, if it did not confirm its orders for the Boeings by September, it would lose money from 1980 and 1981, because the life of the Caravelles could not be extended beyond that date without expensive refitting, which the company did not want to undertake.

The presence of a mechanic, alongside two pilots on board, would cost an extra Frs 1m per year per aircraft, he claimed.

The company, with 85 per cent of its traffic on routes subject to international competition could simply not afford to carry such a cost handicap, he said.

Failure to confirm the 737s would mean having to abandon its less dense routes, and putting into service leased 727s or the Airbus. The company would have to go into negotiations on traffic rights and traffic sharing, with everybody knowing its back was against the wall, he complained.

Italy urged to tighten steel curbs

By Paul Betts

ROME, June 29.

ONE OF Italy's leading steel managers has called for tighter controls at Italian custom ports to stop the increasing influx of steel imports into Italy.

Sig. Ambrogio Puri, chairman of Italsider, the Italian state-controlled steel group and one of Europe's three largest steel conglomerates, said steel imports were again flooding into Italy at a dangerous rate. In January imports totalled only 188m tonnes but the monthly figure in April has increased to 515m tonnes with continuing signs of an upward trend in imports.

Sig. Puri also called for greater EEC intervention in the application of community rulings especially in respect of Italian imports from France and Belgium.

At the same time, the chairman of Italsider, which accounts for as much as 50 per cent of Italy's annual steel production and employs more than 50,000 people, announced a sizeable recapitalisation of the group to reconstruct its troubled financial structure.

Italsider is to increase its capital from L589.5bn (about £390m) to L1,179bn. A further L600bn capital increase would probably have to be effected in the course of the next 12 months, Sig. Puri said. The state steel group reported losses of L395bn last year compared to L130bn in 1976

Greece limits Japanese imports by restricting invoice approval

BY OUR OWN CORRESPONDENT

ATHENS, June 29.

GREECE is bringing pressure to bear on Japan to absorb more Greek products and improve the yawning trade deficit between the two countries.

Although there has been no official decision announced, the Athens Chamber of Commerce has stopped approving pro-forma invoices for imports of Japanese products.

The measure was taken on June 23 and officials at the Chamber of Commerce said today the practice will continue until further notice from the Ministry of Commerce.

Greek imports from Japan rose from $190m in 1975 to over $250m last year. Exports to Japan in the last three years have shrunk from $27m to less than $15m.

A spokesman for the Japan External Trade Organisation said today he was waiting for instructions from the Japanese Ministry of International Trade and Industry on how to deal with the matter. He said it was hoped the measure was only a temporary one.

Greece's trade deficit in the first five months of this year totalled $1,768m and the Government has been trying to curb imports of luxury goods, cars and products manufactured in Greece. Cars are the number one item on Greece's import list from Japan and have substantially increased in recent years.

Greek exports to Japan mainly include tobacco, marble, bauxite and wines. Japanese sources here blamed the Greek side for the decrease in Greek exports to Japan saying the Government's export drive left much to be desired.

Also pending between Greece and Japan is the request by Greek shipowners to the Japanese shipbuilders Association for a two-year moratorium on Greek tonnage built in Japan on long-term loans in yen.

Because of the revaluation of the yen, Greek shipowners are now obliged to pay nearly 35 per cent more for ships ordered before the revaluation. But it was hard to gauge whether the measures to halt imports from Japan was part of retaliatory action.

Boost for Canadian nuclear bid

By Victor Mackie

OTTAWA, June 29.

ATOMIC ENERGY OF CANADA has moved one more step forward in its bid to sell its Candu heavy water nuclear reactor to Japan, a major market now dominated by U.S. manufacturers.

The latest development involves an agreement by the government-owned company to undertake a $1.7m engineering study for Electric Power Development of Tokyo. The study, to be completed by March 31, 1979, will examine the feasibility of introducing the natural uranium Candu system into Japan.

Electric Power Development, a semi-government Japanese enterprise, said it wants to purchase two 600 MW Candu reactors at a cost of between $800m and $1bn each. However it has not yet received necessary Japanese Government sanction.

Acceptance of the Candu reactor would be a major change for Japan which in recent years has relied exclusively on U.S.-designed enriched uranium reactors from Westinghouse Electric and U.S. General Electric. Japan has 14 reactors in operation and 10 under construction.

A Japanese Embassy spokesman said a decision by the Japanese Government could come in the near future. However, observers say the Government wants to study thoroughly the political and economic implications of the move.

Less competition at home

PARIS, June 29.

COMPETITION FROM foreign manufacturers on French markets declined considerably to its lowest level in three years during the first six months of 1978 after remaining at a high level throughout 1977, the National Statistics Institute said.

In its bi-annual look at foreign competition in France and French export performance, the institute remarks that the improvement was mainly experienced by French producers of consumer goods, apart from those manufacturing household equipment.

Competition in French export markets remained at a "very high" level during the first half, although French manufacturers had some success in the household equipment and clothing sectors and foreign sales of metal products were tending to become easier.

The survey said French industrialists (except those manufacturing capital equipment) who were aiming at developing their foreign sales in 1976 and 1977 now expect their exports to grow at a slower rate than those on the French market.

Profit margins are still considered to be very narrow for sales on the home market but some improvement is being experienced as regards exports although margins remain insufficient, the institute said.

Delivery times of French manufacturers are still competitive, the institute concludes, although they are tending to get longer.

AP-DJ

Major LNG contract signed with Iran

TOKYO, June 29.

Kangan Liquefied Natural Gas Company of Iran (Kalingas) has signed a contract to supply Japan with 52m tonnes of liquefied natural gas (LNG) over 20 years after 1982.

Japan Kalingas Company, the Japanese partner in the Kalingas joint venture, said the Iranian gas will be shipped to five Japanese gas users, including Tokyo Electric Power Company, at an annual rate of 2.8m tonnes.

Kalingas is a joint venture involving the National Iranian Gas Company, the Japanese Kalingas and Chicago Bridge and Iron of the U.S.

The company plans to spend Y160bn building two natural gas liquefaction plants in the Kangan district for the supply to Japan, each with a capacity for making 1.4m tonnes of LNG a year.

The Iranian company has awarded a contract to a Japanese consortium led by Mitsubishi Heavy Industries for the construction of the plants by September 1982.

National Iranian Gas Company will supply Kalingas with the necessary natural gas for its liquefaction operations.

Reuter

South Africa plans diesel engine plant

BY BERNARD SIMON

JOHANNESBURG, June 29.

AS A PRELUDE to what could be one of South Africa's biggest industrial projects for several years, the Industrial Development Corporation has asked eight commercial motor vehicle assemblers, including Leyland South Africa, to submit detailed proposals for the construction of a local diesel engine manufacturing facility.

The feasibility studies by the eight companies, follow the announcement by the Minister of Economic Affairs last April that the IDC was negotiating "urgently" with private companies regarding the manufacture "on an economic bases of a range of diesel engines for heavy vehicles, tractors and other machinery and equipment."

Besides Leyland, the companies involved are Fiat, Ford, MAN, Perkins, Cummins, United Car and Diesel (Mercedes Benz) and Messina.

It is conservatively estimated that the capital cost of a basic diesel engine plant would be around R40m. Expansion in other engineering sectors to supply the facility would mean further investment of tens of millions of rand.

The intervention of the state-controlled IDC, which is likely to finance the bulk of the project, has been prompted by two factors.

These are the Government's wish to see South Africa independent of imported diesel engines as soon as possible, and a desire to prevent a proliferation of manufacturers, as has been the case in the motor vehicle industries, where all 13 major manufacturers are currently believed to be operating at a substantial loss.

In view of the latter consideration, it is considered most unlikely that all eight companies will be given the go-ahead. Current speculation is that only three manufacturers will be given permission to build diesel engines.

They will probably be given tariff protection, and the others will therefore, in practice, be obliged to fit locally manufactured engines to their vehicles or withdraw entirely from the commercial vehicle market.

The companies have been asked to submit their proposals by mid-July, and the Government's decision is expected shortly afterwards. It is thought that a plant could be in operation by 1980 and eventual local production would total around 40,000 units.

Singapore joint venture

BY H. F. LEE

SINGAPORE, June 29.

SEMBAWANG SHIPYARD, one of Singapore's largest shipyards, has set up a joint venture with Hedemora Verkstader of Sweden to market, service and manufacture diesel engines in Singapore.

The engines will be in the 600 to 3,200 hp range at 1,200 rpm and used as main propulsion engines and auxilliary engines aboard ships and in diesel power stations.

The joint venture, which will be owned equally by the two partners, will initially have a paid-up capital of S$1m Production is expected to commence before the end of this year.

Sembawang Shipyard, which was formed some years ago to take over the former British naval base, is majority owned by the Singapore Government. Its Swedish partner is a member of the Axel Johnson group.

Rockwell challenge in UK power tool market

BY CHRISTOPHER DUNN

ROCKWELL International, the U.S. conglomerate with sales last year of $5.9bn, is to step up its campaign to win a significant share of the UK do-it-yourself market for powered tools.

"The campaign started eight months ago, and we already have a five per cent share of the market, far beyond our expectations," said Mr. Bob Allen, general manager of Rockwell's UK power tool division.

Rockwell is aiming for 15 per cent of the £27m market, now dominated by Black and Decker, within three years. The latest moves in the campaign include giving traders six months interest free credit on the tools they buy, from this Saturday.

There would be no special extra discounts for the large stores like Tesco and Debenhams, unlike Black and Decker.

A £300,000 advertising campaign from this autumn will be backed up by a number of special deals, including a six month over the counter exchange scheme for tools, with no questions asked, not even if the tools have been misused.

The tools will be imported from the U.S., where a similar campaign by Rockwell since the early 1970s has netted the company a 20 per cent share of the market, mainly at the expense of Black and Decker. Rockwell's latest annual report shows that power tool sales rose last year 16 per cent to $200m.

Rockwell's campaign is based partly on the belief that demand is changing, and concentrating more on self-powered drills with specific functions, rather than basic drills with attachments.

Swedes win Icelandic power plant order

A Swedish consortium, comprising ASEA, Bofors-Nohab and Karlstads Mekaniska Werkstad, has won a $14m contract from the Icelandic power company, Landsvirkjun, William Dullforce reports from Stockholm. ASEA will supply two 70 MW generators with ancillary electrical equipment to a new hydro-electric power station being built at Hrauneyjafoss in southern Iceland. The two other Swedish companies will provide the turbines.

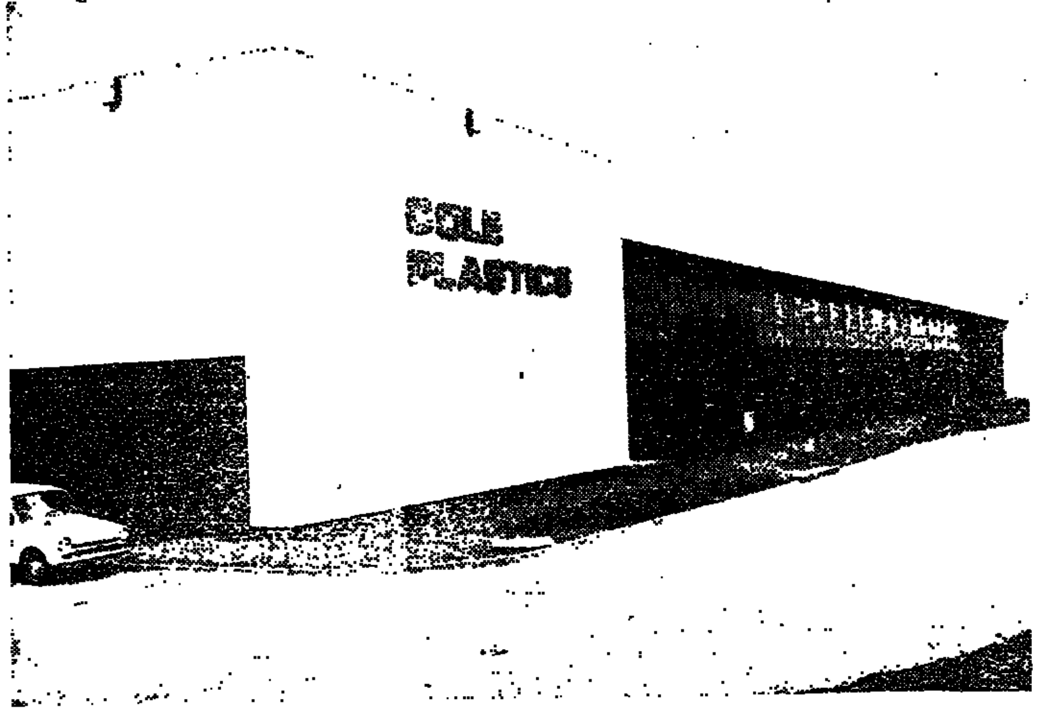
The two generating sets are expected to start commercial operations at the end of 1981 and beginning of 1982.

NSK bearings

IN THE feature "European bearings industry faces Japanese pressure," published on Monday, it was suggested that NSK was to be paid for the Polish bearings plant it helped to set up by way of bearings it will produce at fixed prices over ten years. Mr. T. Kawasaki, managing director of NSK Bearings Europe, said this was not true. "We have never bought bearings from Poland." He adds: "Although it is not in the contract, NSK was asked to purchase machinery from Poland. However, it is under no contractual obligation to do so."

Cole Plastics builds Europe's most modern plastics compounding factory

In Milton Keynes at 11.30 a.m. today. Mr. Philip Shelbourne, Chairman of Samuel Montagu & Co. Limited, will officially declare open Europe's most modern plastics compounding factory.



Plastics compounding is an area of specialisation in which Britain occupies the leading place in Europe and Cole Plastics' new factory, which is certainly the most modern and well equipped in Europe, will keep Cole at the forefront of British compounders. Cole Plastics expects its products and services will find a ready market in Europe and this is reflected in the interest shown by the European press, many of whom are attending the official opening.

The compounder's role

The plastics compounding industry was born as the result of the disparity between the massive scale of production of the polymerisation companies (mostly primary oil producers) and the relatively small scale of supply to plastics processors in industry who required individual service and a few tons of compound a year.

Cole Plastics was one of the original "plastic compounders" buying base polymers and converting them into specialised and coloured compounds for the processor.

Today the economics of large scale production dictate that the polymerisation companies are further cutting their colour and compound options. Compounders, however, offer an even wider and more comprehensive range as well as the ability to service individual customers and to formulate compounds for particular applications.

Purpose-built

The new factory in Milton Keynes, which represents an investment of nearly £4m for the Croydon based R. H. Cole Group of companies, has been purpose-built for plastics compounding and brings together the production, development and warehousing facilities previously carried out at three separate locations. At the same time, Cole Plastics has installed larger and more sophisticated plant, bulk handling equipment and computerised colour matching facilities, all of which increase capacity by 50%.

The site covers 10 acres and Cole Plastics has developed 6 acres for the immediate future, the factory covering some 115,000 sq. ft., leaving 4 acres for further development.

There are, within the factory, eight extrusion lines producing coloured compounds and compounds with special built-in properties such as anti-static, anti-slip, etc. In addition, Cole Plastics has installed new heavy-mixing equipment to allow it to produce a new generation of heavy-filled compounds, which industry is demanding to improve and extend the use of base polymer, which will account for about one third of the total tonnage.

Further expansion

Mr. Tom Blunt, Managing Director of Cole Plastics says "We are looking for an uplift in the market to coincide with going into full production in July. We hope to reach capacity during the next 12 months and we are considering a further 25% expansion for 1979."

The "goods-in" facility supplied by Mucon includes four 100 ton silos.

An investment in British Technology

In this day and age, it is pleasant to report a factory in which the production machinery is almost entirely of British origin.

"We bought this equipment, not just because it's British, but because it represents the best value and offers the best combination of facilities, flexibility and reliability" says Derek Cope, Engineering Director, Cole Plastics.

Materials handling system

The "goods-in" facility has been supplied by Mucon Limited of Basingstoke, Hants. and comprises four 100 ton silos (two to take powdered materials, the other two for granular materials) and an integral pneumo-transport system to blending and mixing units. The system is operated from a simple control monitor within the factory. At a touch of a switch the operator can tell how full each silo is, can order from the reception to the mixing and blending units and determine the quantity and balance of each mix. (Continued next page)

The K2A Shaw Intermix is the largest item of production machinery in the factory: installed because of Cole Plastics' belief in a requirement for a "new generation" of heavily filled compounds.

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ADVERTISEMENT

An investment in British technology (*cont.*)

Powder mixing plant

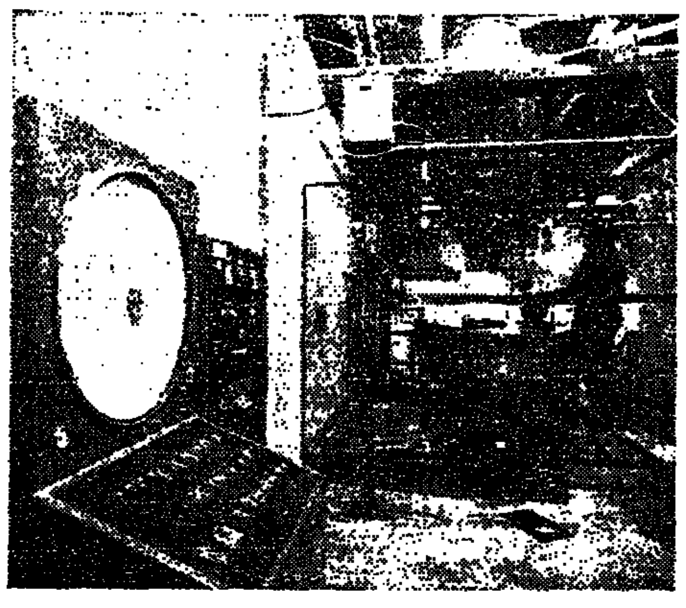
To pre-mix pigment masterbatches and to blend pigments with the basic plastic granules and powders, Cole Plastics has installed Turbo Rapide and Matrix intensive powder mixers manufactured by T.K. Fielder Limited of Eastleigh, Hants.

The Turbo Rapide two-speed mixer is a result of design work carried out at Southampton University and aerodynamic principles were used to achieve optimum mixing conditions. The true mixing action ensures complete homogenisation of the ingredients by means of simultaneous rotary and vertical movement of the particles.

The eight extruder production lines include two 120mm compounding extruders manufactured by Francis Shaw Limited of Manchester. They have a vented barrel and a 35 to 1 length to diameter ratio two-stage screw. The extruders are fed automatically with polymer using a Vac-u-Max/Darenth batch weighing system.

Shaw have also supplied a 150mm compounding extruder with a 35 to 1 length to diameter ratio two-stage screw. This machine is filled with a compactor hopper inside which is a feed screw driven by a 20 hp variable speed motor. This type of force feed device enables difficult materials to be handled at economic output rates. Four Kaufmann 120mm extruders and one Bone 120mm extruder complete the plant line up.

For the heavy-duty mixing of colour masterbatches and highly filled compounds, Cole Plastics has installed three Shaw Intermixes, the types K2 Marks 2 and 3 and K2A. With 6 inch Dump extruders for the K2s and an 8 inch Dump extruder for the K2A, a Banbury mixer and a mill have also been installed.



The compounding extruders are fed automatically by Vac-U-Max/Darenth batch weighing systems and the pigments are blended with the base polymer by T K Fielder Matrix powder mixers.

"Milton Keynes for a strategic location"

By choosing Milton Keynes, Britain's premier new city and currently the largest development taking place in Western Europe, as their new location Cole Plastics Limited joins many other major companies. When announcing in 1976 the forthcoming opening of their new 115,000 sq. ft. factory on the Mount Farm Employment Area, Mr. Peter Cole, Chairman of the R. H. Cole Group of Companies, described the background to the move: "Our philosophy is to maintain and develop diversity of interests. I believe the future of our role in the plastics industry to be assured." While detailing aspects of the successful negotiations with Milton Keynes Development Corporation which led to the move to the prime 10 acre site overlooking Mount Farm Lake, he emphasised that the location offers Cole Plastics easy access to all markets, via the M1 Motorway (Junction 14) and the A5 trunk road. Another, vitally important, reason for their choice was that when a company adopts a policy of expansion, additional land must be available, as part of the total package, for future developments.

The move to Milton Keynes has brought together two group companies under one roof—Cole Plastics from Harpenden and East Anglia Plastics Limited from Strood in Kent. As plastics involves high technology, it was imperative that key staff also made the move. The Development Corporation offered assistance in re-locating staff and worked closely with the company to ensure that transfer of production from the other two sites caused minimum disruption.

Summing up the reasons for Cole Plastics' move is simple. Milton Keynes has an excellent strategic location, within easy reach of expanding home and European markets. It offers companies a number of re-location options; they can move into various sizes of advanced factory units, or take a lease and build, or have a factory or office built to their specifications. Furthermore, Milton Keynes is also a city with its sights set on the future; it gives the industrialist room to grow.

In consequence, Cole Plastics now adds its name to the growing list of major companies who have examined many areas for re-location and have found Milton Keynes to be the best place for growth.

Cole Plastics—

Innovators in plastics compounding

Making polystyrene into a realistic imitation of wood and adding talc to polypropylene to make it more rigid and cheaper, are just two of the many innovations.

Wood effect polystyrene has found many applications particularly the manufacture of tool handles, cosmetic packs and children's toys while talc-filled polypropylene mouldings have almost completely replaced the old-fashioned cardboard backs for televisions.

Other developments that can be attributed to Cole Plastics include the world's first "safe" plastic moulding compound called Playrite which was specially developed for the manufacture of toys. This was introduced in early 1965, long before the current, commendable consumer concern about such matters.

Fashion also throws up new demands and in the early 1960s, Cole produced the first purpose formulated shoe heel compound specially designed to fit in with traditional manufacturing techniques—it had to take nails! This product, Stilletex, virtually cornered the stiletto heel market being stronger than stacked leather.

Masterbatch major development

The most significant innovation for which Cole Plastics was largely responsible was the development of Masterbatch.

The principle was simple. If it could be made possible to charge a small volume of polymer with enough colour and additives to impart the desired properties when mixed in proportion of say 1% to 10% to a bulk volume of any raw polymer then the moulder would no longer face the necessity of carrying large volumes of special coloured compounds. He would also avoid surplus materials and enjoy the benefits of bulk purchasing.

To achieve this objective Cole Plastics developed polyethylene masterbatch in the early 1960s. Some time later, Cole Plastics was the first company to supply polystyrene masterbatch, the first customer being Wilkinson Sword whose production facility for dispensers was designed for use with this revolutionary material.

Flame retardant grades

More recently the company has responded to the demand for higher safety standards in the electronic and electrical industries and has developed a range of flame retardant grades of polystyrene, polypropylene, polyethylene and EVA. These compounds are widely used in the manufacture of television sets and audio equipment.

A comprehensive standard range as well

Cole Plastics' special compounds are backed by a comprehensive range of standard compounds which include polystyrene, SAN, ABS, polypropylene, high and low density polyethylene and EVA.

Fisher Price's Circus Train is moulded in specially compounded and coloured Cole Plastics' materials.

A member of the R. H. Cole Group

The parent company of the Cole Group, R. H. Cole Limited, was founded over 40 years ago as a trading company dealing in chemicals and dyestuffs. It is now the holding company and provides management and financial services for the Group.

Developing steadily over the years, the Group became involved in the "new" technology of plastics in the late 1940s and shortly after in the emerging electronics industry. Today, the Group activities include plastics, control equipment, chemicals, electronics, electrical engineering, telecommunications and computer data communications.

Besides Cole Plastics and the parent company, the R. H. Cole Group comprises Cole Chemicals Limited, Cole Electronics Limited, Cole Equipment Limited, Cole Polymers Limited and Plastic Products Limited.

Engineering and plastics sheeting

One of the fast growing members of the Group is Plastic Products who markets calendered and extruded thermoplastic film and sheet for applications as varied as the blister packing of small components to the moulding of baths and boats.

Cole Equipment's main speciality is products that improve the efficiency and control of heat transfer—the most important being the Cole range of process water chillers. The purpose of these products is the accelerated but controlled cooling of certain industrial processes. Cole Equipment also makes a range of temperature controllers and distributes process heating devices, drying ovens and materials and product handling equipment. Other products from Cole Equipment include coil winders, balancing and electronic assembly equipment.

Electronics

There are two divisions of Cole Electronics. One, the Manufacturing Division, makes specialised telecommunication equipment and components; the other, the Data Products Division, is a trading division for advance high-speed data communication and telecommunication equipment such as modems, multiplexors and intelligent network processors as well as an IBM-compatible data entry system.

Chemicals too

To complete the R. H. Cole strategy of specialised involvement in growth industries, the Group also has a stake in the chemicals industry.

Cole Polymers is a producer of speciality chemicals by either suspension or solution polymerisation and its products have many applications including dentistry (false teeth) as well as being used by the pottery, lacquer, paint and printing ink industries.

Last, but by no means least, there is Cole Chemicals who merchants chemicals, resinous powders and plastics, raw materials for paints, inks, adhesives, surface coatings, textiles, rubber and dye-stuffs.

Specials are standard

Cole Plastics' customers expect and get individual service

Henry Ford offered: "Any colour as long as it was black". Cole Plastics, however, is delighted to create a new colour for any customer who requires it. In fact, even though there are some 21,000 colours already in the colour library, Cole handles some 25/30 requests for new colours per week.

Obviously, with Cole Plastics' highly experienced colour matching staff having probably the best "eyes" in the business, together with the computer colour analysis and matching system, it is easy to see why the company has such a strong grip on the market for compounds for moulding cosmetic packs and other image conscious packaging applications.

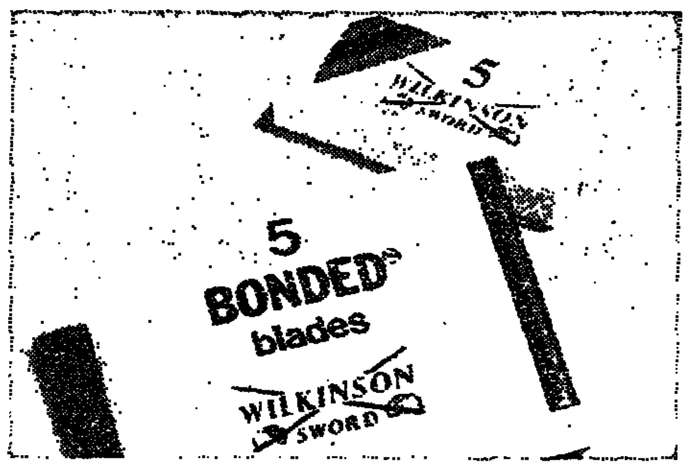
Cole Plastics' laboratory facilities are outstanding and Mr Ken White, Cole's Technical Manager and Mr David Bacon, Chief Colourist, and their staff, can provide advice on the choice of formulation for a particular application, on processing conditions, on health and safety and solve problems encountered in moulding certain shapes.

The company's technicians will also visit customers' premises to solve processing problems and, if required, tailor-make a formulation to meet the process requirement.

In addition, the laboratory checks each and every production batch both before and during a production run to ensure that the required specifications are met.

Cole Plastics also has a small section to keep abreast of developments in plastics technology, to evaluate new materials, additives and colourants and to develop new and improved compounding techniques in conjunction with the production staff.

The laboratory checks each and every production batch before and during a production run to ensure that the required specifications are met.



The right compound in the right place at the right time

To complement its production capacity and to improve its service to customers, Cole Plastics has modernised its delivery fleet of lorries and vans. Obviously, the location of the new thermoplastic compounding facility offers easy access to all markets via the M1 and A5 trunk road.

Left: When Wilkinson Sword first installed a production facility for dispensers it was designed for use with the revolutionary new Cole Plastics' Polystyrene Masterbatch.

New horizons in Europe for British compounders

"In certain sectors of the Plastics Compounding Industry Britain is technically some years ahead of the majority of European countries". So says David Whittingham, of Cole Plastics French agents. "This applies particularly to Cole Plastics with their new factory in Milton Keynes and the facilities that the factory offers.

It is clear that the demand in Europe will primarily be for Cole Plastics specially formulated Performance Compounds, so Cole Plastics expects to expand this highly technical service aspect of its business in Europe and further reinforce its claim to be "Europes Leading Thermoplastics Compounders".

An example of Cole's ability to solve problems for European Plastics Convertors is in the manufacture of the large mobile waste containers that are commonly used in France. The manufacturers have been encountering problems of colour fading and warping on the large flat plastic mouldings involved. Cole have been able to trace the problem to the pigments being used and have produced a compound especially for this application which does not warp and does not fade.

Another example is the case of a leading French bottle blower who was unaware that it was possible to incorporate Antistatic into a bottle blowing compound and at the same time print on that bottle. The antistatic agent had a tendency to leach to the surface and remove the print

Cole was able to answer this problem with their Print Antistatic, PAS Performance Masterbatch.

Tory jobs Act 'would exempt under 21s'

BY RICHARD EVANS

TWO SIGNIFICANT Conservative changes to the Employment Protection Act were proposed last night by Mr. James Prior, Shadow Employment Secretary.

He told a private meeting of the Tory backbench 1922 Committee that he was in favour of exempting young people under 21 and small companies with fewer than 50 employees *from the Act's provisions.*

These reforms would go some way to easing the stultifying effect on employment of present legislation, which was in practice an employment prevention act, he claimed.

Mr. Prior warned Tory MPs not to pay too much attention to anti-Conservative statements of trade unionists made *in public during the run-up to* the election. In private, their attitude to a future Conservative Government was often much more moderate and reasonable.

In particular, he had found a willingness among the new generation of trade union leaders to co-operate with the Conservative leadership.

At a separate meeting Mr. Len Murray, general secretary of the TUC spoke to the Conservative backbench employment committee for an hour at the Commons last night.

Liquidator fails to freeze Caplan assets

THE LIQUIDATOR of London and County Securities has failed *in an attempt to freeze the assets* of Mr. Gerald Caplan, former chairman.

A Californian Superior Court judge has ruled against a preliminary injunction on Mr. Caplan's assets and freed them from temporary restraints.

Mr. Caplan's lawyers in the U.S. said that he appeared to be making a steady recovery from *the coronary artery by-pass surgery* which he underwent on June 21.

While in hospital, Mr. Caplan is being held in custody on charges of stealing £2.4m from his company.

Milton Keynes £3m station

BRITISH RAIL is to build a new station in central Milton Keynes on the main London to Birmingham line. The project is expected to cost £3m and will be started at the end of 1979 for completion in May, 1981.

The station project is to be *financed jointly by British Rail* and Milton Keynes Development Corporation and will include an office development, car park and bus inter-change facilities.

British Rail plans to use the new station as the far end of Euston's Outer Suburban services.

GLC seeks law against moths

THE Greater London Council's *Legal and Parliamentary Committee* has proposed legislation enabling boroughs to require occupiers to eradicate the brown tail moth or to do the work themselves and recover the costs.

Over the past 20 years, infestation of trees and shrubs by the moth and its caterpillar has been increasing, to affect a third of London boroughs, especially in the east, killing trees and shrubs and causing skin rashes.

Driving school orders £30m Leyland cars

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS signed a £30m contract yesterday to supply at least 10,000 cars to the British School of Motoring. The order is a breakthrough for BL, formerly British Leyland, because 90 per cent of the existing school's fleet was supplied by Ford.

BL regards the driving tuition market as an important lever for future sales. Statistics from the school suggest that 70 per cent of drivers passing their test with the company each year buy a model the same or similar to the one in which they took lessons.

The contract has followed quickly upon the success of Mr. Anthony Jacobs, the school's chairman, to hold off a bid for control of the company by Dorada Holdings, a Ford distributor.

Ford bid

Mr. Jacobs made it clear during the tussle for control that he was committed to buying British. At the contract signing in Birmingham yesterday he declared himself delighted that BL had won the contract.

The two principal competitors had been Ford and Vauxhall, both of which had offered attractive terms, Mr. Jacobs said. "We made the decision not on finance but on the fact that BL offers the cars ideally suited to driving tuition."

The cars will be supplied to the school on a five-year leasing agreement through Southend Motor and Aero Company, the BL distributor which negotiated the deal, in conjunction with BL Cars fleet sales operations.

Mr. Jacobs said the school, with a fleet of 1,400, would require at least 10,000 new vehicles over the next five years.

A far higher demand was likely to be placed upon BL as the sole supplier and the contract could total much more than £30m.

The vehicles chosen are Triumph Dolomite saloons and Austin Morris Minis.

Contract gas costs industry 35% more in two years

BY RAY DAFTER, ENERGY CORRESPONDENT

INDUSTRIAL AND commercial users of natural gas have faced contract price increases averaging more than 35 per cent in the past two years, according to new Department of Energy statistics.

For the first time, the Government's Energy Trends bulletin shows figures, provided by the British Gas Corporation, relating to the average price of gas *supplied under new or renewed* contracts.

They reveal that the average price of such contracts in the first quarter of this year was 15.3p a therm, as against 11.3p a therm in the second quarter of 1976. These prices include charges made for firm supplies and cheaper supplies provided on an interruptable absis.

The figures show that contract gas prices have risen very much faster than those for heavy fuel oil or gas oil. In the first quarter, heavy fuel oil sold under contract was costing an average *of £55 a tonne, 26 per cent up on* the second quarter of 1976 while gas oil was costing £83.3 a tonne, up 22 per cent.

Energy Trends shows that the average price of gas delivered to large industrial customers rose at an even faster rate; by almost 81 per cent over the same period. In the first quarter of this year, the price of such gas was 10.35p *a therm as against 5.72p a therm* in the second quarter of 1976.

In comparison, coal delivered to large customers cost £22.6 a tonne, a 29 per cent rise over the period and electricity, supplied on the same basis, rose about 35 per cent to 1.95 pence per kilowatt/hour.

During the three months from February to April this year, *Britain's energy consumption* remained at about the same level as the corresponding period in 1977. After seasonal adjustment and correction to take account of this year's colder weather, the *annual rate of total energy consumption* fell by 1.3 per cent, or 4.5m tonnes of coal equivalent.

The bulletin also shows that consumption of coal was lower during the period than a year ago. Consumption fell by 4.7 per cent to 33.4m tonnes.

Consumption in April was down 0.5m tonnes compared with the same month of 1977, making *it the seventh successive month* for a decline in coal sales.

Coal production during the March-May quarter totalled 33.4m tonnes, a drop of 0.7 per cent on the same period last year.

Gas sales in the March-May period were 6.1 per cent higher than the corresponding period of 1977. Electricity supplied in *the UK during the three-month* period February to April rose 3.5 per cent while deliveries of petroleum products, measured over the same periods, rose 3.4 per cent.

Call to reduce stockpile

BY SUE CAMERON

ENERGY MINISTERS have *asked the National Coal Board* and the Central Electricity Generating Board to thrash out a solution to the worsening problem of stockpiled power station coal in South Wales.

At a meeting in London yesterday between Mr. Anthony Wedgwood Benn, Energy Secretary, Mr. Alex Eadie, Under-Secretary for Energy, and representatives of the National Coal Board and the Central Electricity Generating Board, it was also decided to reconvene the South Wales working party to study the long-term *difficulties facing the coal industry* in the area.

The working party, set up last summer under the chairmanship of Mr. Eadie, includes representatives of the coal industry unions, the electricity supply industry unions, the Coal Board and the Generating Board.

But the immediate crisis in *South Wales concerns the stockpiling* of coal which is used in local power stations.

It was expected that the coal would be taken up by the newly-built Aberthaw B power station, but because of technical problems Aberthaw B is not yet fully on stream.

To reduce the resulting stockpile, the Government decided *last summer to make available* a £2m subsidy so that other power stations in the area could use up the extra coal.

These are older, less efficient *power stations than Aberthaw B* and the price of the electricity they generate is therefore higher.

As a result, the Generating Board avoids using them except when demand is particularly strong. But the subsidy put them in a more competitive position.

In one sense, they have now *become too competitive. For the* subsidy, combined with the fact that Aberthaw B is not yet fully on stream, has meant the Generating Board is unwilling to use Aberthaw B at all, because the cost of its electricity would be comparatively expensive.

It is thought that one answer the Coal Board and the Generating Board may suggest to the Energy Department is that the coal subsidy should be extended to Aberthaw B itself.

This would be necessary only on a temporary basis because it is expected that Aberthaw B will come fully on stream by the beginning of next year.

The cost of the electricity it generates will then drop and it will also be able to use all the low-volatile coal being produced in the South Wales area.

UK machine-tool demand up

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

GOVERNMENT statistics today confirm that the UK is one of the few countries in the Western world where demand for machine-tools is relatively buoyant.

While orders from the home market for machine-tools in the first quarter of 1978 were some 20 per cent higher than in the same period the previous year, new export business dropped by 29 per cent.

The figures from the Department of Industry reflect the impact of the major investment programmes in the automotive industry, which have been steadily building up this year.

BL, formerly British Leyland, is expected to buy £55m of *machine tools in 1978,* while Ford ordered £19m-worth in the first four months of the year for its new engine plant at Bridgend, Glamorgan.

Further big contracts will be placed for this £250m plant this year.

On the export front, some major projects such as redevelopment of the Polish tractor industry by Massey-Fergusson Perkins, using a great deal of British machinery, have ended.

Exports should soon get a boost from the Isfahan ordnance complex in Iran, for which orders will shortly start to be placed. It is estimated that about £100m. of UK machine-tools will be required for this project in the next year or so.

The statistics in Trade and *Industry magazine* today show that the machine-tool industry's order books are sufficient to keep it going until the autumn.

New orders worth £116m in the first quarter exceeded sales by 1 per cent, and order books increased only slightly, to £274m.

Although total order books at the end of March were more or less the same a s in December, they were 24 per cent higher than a year earlier.

Home order books had risen steadily through 1977, and in spite of a slight fall in March were 52 per cent higher than *a year earlier, at £162m.*

Export orders-in-hand, at £112m, were 2 per cent lower than a year earlier, and have slipped back from the recent peak of £125m last autumn.

Co-op Bill Assent likely today

By John Elliott, Industrial Editor

LEGISLATION PROVIDING for the creation of a Co-operative Development Agency to boost the expansion of workers co-operatives is expected to receive Royal Assent today.

Called the Co-operative Development Agency Bill, the legislation was introduced to Parliament in March

The name of the Agency's chairman is expected to be announced during the next few weeks, and it is intended that the agency should begin work by the autumn.

It will receive £1.5m from the Government over three or more years to cover its administrative expenses, and is expected to have an office in London with a staff of about 20.

Its main purpose, apart from providing research and information facilities to co-operatives of all kinds, will be to act as a clearing house and advice centre for worker-owned ventures.

Late payers may have to add interest on debts

By Christopher Dunn

PEOPLE failing to pay bills on time could be faced with interest charges, if the Government adopted a plan outlined by the Law Commission yesterday.

Interest on unpaid bills should be recoverable as of right, even though it may not be mentioned in the contract, the commission says.

Interest could be charged on any bill, however large, at just over Bank of England minimum lending rate, starting a month after the bill is sent.

The report makes no distinction between businesses—which *may delay payment to avoid borrowing* from the bank—and consumers.

"There are still substantial loopholes in the law which allow *the bad payer to withhold payment* to his personal advantage and to the detriment both of the creditor and of those who pay their debts on time," the Commission goes on.

Welcomed

Rent is excluded from the scheme, which also advocates *protection for people who refuse* to pay a bill to force suppliers to act on complaints. Statutory interest could be blocked in the courts in these cases.

Mr. Michael Bardsley, managing director of Dun and Bradstreet, debt collectors and suppliers of credit information, welcomed the report particularly for the help it might give *small companies.*

"Nearly 90 per cent. of small business failures are due to overdue debts, which have a disastrous effect on cash flow. *Over 10 years, the average number* of debt days outstanding has nearly doubled to 60.

"There has been too much concentration on artificial manoeuvres to boost cash flow at the expense of other companies, and not enough sensible recourse to the banks."

State oil 'may be top sea oil trader'

Financial Times Reporter

THE STATE-RUN British National Oil Corporation stands to become the leading trader of North Sea oil as a result of participation agreements, according to H. P. Drewry (shipping consultants).

All told, oil tanker demand on North Sea export trades should rise to 5.6m tons deadweight (dwt) in 1982, from 2.7m this year, assuming a third of British production is exported. If half of British output is exported, the increase would be 6.5m dwt, from 3.3m in 1978, the company said.

Forecasts for tanker demand on North Sea trades in 1982 equal 8-10 per cent of current tonnage supply within the 50,000-125,000 dwt size range, the type of vessel most commonly used on those trades.

North Sea oil production is forecast for 1982 at 3.5m barrels a day (172m tons annually), up from just under 1.5m barrels daily (93m tons a year) this year. Natural gas output by 1982 is forecast at 9.8bn cu ft a day, up from 6.6bn this year, Drewry said.

New brands of Dunhill

Financial Times Reporter

CARRERAS ROTHMANS is to launch two new mild versions of its Dunhill cigarette brand into the UK market. The move is designed to take advantage of the rapid growth in the mild segment of the market as smokers switch from higher tar brands.

The new versions will be of the Dunhill *International and* King Size brands. Unlike these brands, however, the new versions will be in blue packs instead of the traditional red.

The launch will be backed by extensive Press advertising from September.

Mr. Rex van Rossum, Carreras Rothmans marketing director, said yesterday that the new versions reflected "the general trends towards consumption of lower tar cigarettes."

Council houses put on sale

PETERBOROUGH IS planning to step up the sale of its council houses. The city council owns more than 11,000 properties and all except *flats* for old people would be available for sale under the scheme to sitting tenants and to people on the housing waiting list.

The list tops 2,000, but no one on it is homeless. Last September the council voted to build no more council houses when present contracts are complete. Sitting tenants or *long-standing* tenants will qualify for discounts up to 30 per cent of the purchase price.

State selective aid scheme extended

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT'S selective investment aid scheme, which was to have expired today, has been extended for a year. The total of State finance allocated *to the scheme* has been increased from £125m to £150m.

This is the Government's main selective aid scheme for industry, and complements other arrange*ments designed for parts of* individual industries such as machine-tools, printing machinery and wool textiles.

It is aimed at persuading companies to go ahead with projects costing more than £500,000 which otherwise might have been abandoned, built abroad, or reduced in size.

Assistance of £37m has been approved for 75 projects costing £370m since the scheme was introduced in December, 1976, to replace an earlier accelerated projects scheme.

Of the 75 *projects,* 17 *have* been worth more than £1m. One of the largest was a £100m Thames Board Mills development at Workington, Cumbria, which attracted £10.5m aid plus other regional incentives.

Nearly a third of the projects were in the chemical industry.

Applications for a further 185 projects worth over £1,800m are under consideration. *On average,* if all approved, they might take up as much as £180m in aid, more than the money so far made available.

The announcement that the period for applications for aid had been extended was made yesterday in the Commons by Mr. Eric Varley, the Industry Secretary. It is specially significant because of the prospect of a General Election this year.

The Conservative Party is known to be interested in curtailing industrial aid schemes, both as a means of cutting public expenditure and reducing Government intervention in industry. The extension of this scheme might make it more difficult for a Tory Conservative administration to cut it.

On the other hand the Department of Industry has no plans to introduce more individual industry aid schemes before the autumn, apart from two for the electronics industry under preparation for some months.

A total of about £160m has *been promised* to companies by the Government for existing individual industry schemes in the past three or four years, and the Department of Industry believes this has helped various sectors of industry to modernise themselves.

Mr. Varley said yesterday that the 75 projects approved so far in the general selective investment scheme are expected to benefit the balance of payments by over £200m a year from 1982, having in the meantime provided orders worth some £250m for the *construction industry* and for plant manufacturers.

They should eventually provide or safeguard some 10,000 jobs.

Of the total 15 qualified for aid because they might otherwise have been built abroad, while another 15 might not have been built at all. The remaining 45 have been built earlier than their companies planned.

Commercial property market improves

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

THERE ARE signs of a marked recovery in the commercial property development market in the Department of Trade's latest quarterly report on office development permits.

Figures show that 41 permits were issued in the first quarter of 1978, covering 4.8m sq ft of office space. This is 1.4m sq ft more than in the first three months of 1977.

After eliminating lapsed permits and permits covering the redevelopment of existing offices, the department reports that there was a potential addition of 3.7m sq ft to office floorspace in the south-east. This first-quarter total compares with a three-monthly average increase of 2.8m sq ft for 1977 as a whole.

Office development permits are required *only for buildings* of more than 30,000 sq ft in the south-east, and the department shows that within this area central London remains the favourite site for new schemes.

Seventeen of the 41 permits, accounting for 2.4m sq ft of offices, were issued for developments in central London.

Another 15 permits, covering 1.8m sq ft were issued for projects in Greater London, excluding the centre.

Primitive art sets £1½m record

ON THE day when Sotheby's sold a very fine collection of primitive art for a record total of £1,598,000, Phillip's, third in size among the major fine are auction rooms after Sotheby's and Christie's, managed to steal *the limelight* by announcing that it was following its bigger competitors in introducing a 10 per cent buyer's premium from September.

Three years ago, Sotheby's and Christie's made themselves unpopular by adding an extra 10 per cent. to the knock-down price while reducing the commission they charged to vendors.

Phillip's also reduced its commission to vendors to 10 per cent, and relied on extra business from buyers to make good the loss in revenue.

Now it is being forced to charge too, mainly because of rising costs, but also because

SALEROOM

BY ANTONY THORNCROFT

the buyer's premium has allowed Sotheby's and Christie's to be even more flexible in the amount they charged vendors.

To get a really good collection, the salerooms were prepared to take a tiny commission; for the von Hirsch collection Sotheby's is rumoured to have asked only its expenses.

The primitive art had been collected by George Ortiz, a member of the Patino Bolivian tin mining family.

He had amassed the finest part of his collection, that devoted to Oceanic art, within the last eight years, but has been forced to dispose of it to pay a $2m ransom to the kidnappers of his *young daughter.*

Although two men were caught, only $30,000 was recovered. Mr. Ortiz was present during a very successful auction.

The *most important item,* a Rarotonga wood figure from the Cook Islands, brought back to England in 1836, was unsold when the bidding stopped at £200,000.

But Merton Simpson, a New York dealer, paid £180,000, a record for a work of Oceanic art, for a wood face mask from Pentecost Island in the New Hebrides.

A Benin bronze aquamanile, in the form of a leopard, sold anonymously for £150,000. This is an action record for an aquamanile, beating the £62,000 paid during the von Hirsch sale for a Continental water vessel.

One of the major lots from the afternoon session, a series of five Maori wood panels forming the front of a food store, were withdrawn before the sale because the New Zealand Government wanted to be sure of obtaining them.

The highest price, and a record for any item of primitive art, was paid near the end of the sale when a telephone bid from New York acquired for £250,000 an Hawaiian wood image probably brought back by Captain Cook in 1779.

An Easter Island wood male ancestor figure realised £50,000, and the Christchurch Museum of New Zealand paid £40,000 for a Maori wood door lintel.

Sotheby's completed its Impressionist sales for the week *disposing of less important* pictures for £492,800, with 28 per cent bought in, a higher BI than in earlier sessions but above average for this market.

Top price was £21,000, plus 10 per cent buyer's premium, paid by the Fine Arts Society for *La Place Saint Pierre's a Montmartre* by Utrillo. The same buyer paid £20,000 for a Vlaminck *Vase de Fleurs.*

In London on Wednesday evening, Sotheby's held the best-ever sale of netsuke, which made a record total of £233,000 and secured new auction records for individual lots.

Ashkenaze, a Los Angeles dealer, paid £11,500 for a study of a tigress with three cubs by Hakuryu, *and the same sum for* a small group of three rats by Tomokazu.

The previous record was £11,025. The fact that the London Netsuke Convention was taking place certainly helped prices often to double their forecasts.

Edmund Penning-Rowsell writes: Christie's last vintage port sale of the season showed steady if unspectacular increases, particularly in the prices of the younger vintages.

With only limited foreign interest in the celebrated port vintages of earlier years, prices must be much lower than can be expected for leading clarets.

But taking into account the *traditionally low opening figures* of vintage ports, some of the older wines yesterday brought high prices, with new records for Taylor '24 (£280 a dozen), Dow *'27 and Fonseca '27 (£270 a dozen* apiece), Taylor '35 (£260), Taylor '45 (£280) and Taylor '48 (£210).

But it was the larger quantities of the younger vintages on offer that established new price levels.

The very drinkable '60s ranged from £82 a dozen (Taylor) to £72 (Cockburn and Fonseca); the highly esteemed '63s varied from £96 (Taylor) and £94 (Warre) to £78 (Graham) and £74 (Noval).

The '66s spread from £70 (Taylor) to £64 (Fonseca and Graham). Among the '70s, the range per dozen extended from £56 (Warre) to £52 (Croft and Noval). The total of the sale, in which 96 per cent of the wines were sold, was £69,583.

Industry's spending estimate raised

BY DAVID FREUD

REVISED ESTIMATES of capital spending by manufacturing industry in the first three months of the year are slightly more encouraging than the provisional figures, although they confirm that the upward trend in investment has probably flattened.

The level of stocks held by manufacturers, wholesalers and retailers increased by considerably more than the original estimate. This was consistent with the increase in bank lending to industry in the same period.

According to the Department of Industry, the volume of investment by manufacturers in the first quarter was £446m. at 1970 prices and seasonally adjusted. This was £3m. higher than the provisional figure and 2 per cent. below the fourth quarter of 1977.

There was a similar fall in the first three months of last year, so it is possible a new seasonal pattern has developed which has not been incorporated in the *seasonal adjustments.*

Taking a slightly longer-term comparison to remove this possible irregularity, the volume of investment in the last six months was 1 per cent above that of the preceding half-year.

In the same basis, both the vehicles and coal and petroleum products industry groups have substantial increases of 22 per cent.

Chemical investment increased by 4 per cent, and the paper, printing and publishing industries went up 4 per cent. The rise in the engineering and non-ferrous metals industries was in line with the average of 1 per cent.

Iron and steel

The remaining four industry groups all recorded falls, with the largest being 6 per cent for both the iron and steel and the food, drink and tobacco industries. In the latter case, this was a reflection of historically high investment in the second and third quarters.

Investment by type of asset showed rises of 4 per cent in new building work, 2 per cent in plant and machinery and a fall of 6 per cent in vehicles.

The revised figures for the volume of capital spending in the distributive and service industries were £4m higher than the original estimate, at £548m. This was 1 per cent higher than the fourth quarter of 1977. In the latest two quarters, investment by these industries was 5 per cent higher than in the *previous two.*

The revised figures for stocks show a rise £70m higher than the provisional estimates for the first quarter of 1978. Stocks held by manufacturers, *wholesalers and* retailers were up £240m.

Nearly all the revision came in the stocks held by manufacturers, which were up £125m, compared with the £67m initially estimated. The main revision relates to work in progress.

Credit industry in 1976 loaned £1.84bn

By Michael Blanden

LOANS BY the consumer credit industry during 1976 totalled £1.84bn, according to an analysis published by the Business Statistics Office.

The new figures are the result of a major inquiry to update information made available by partial surveys in 1965 and 1971. An article in the latest issue of Trade and Industry points out that since then "there have been substantial changes in the provision of credit."

The new and more comprehensive statistics of consumer credit were needed to provide a better *set of figures and to* help the Office of Fair Trading to administer the Consumer Credit Act.

The figures show that, leaving aside the modest £29m of credit provided in 1976 by small lenders which gave less than £50,000 each during the year, there were 592 lenders who advanced a total of £1.81bn.

More than 80 per cent of the lending was accounted for by the 40 largest businesses. The total lending of £1.81bn was made up of £1.53bn of fixed-sum instal*ment credit at fixed rates.* Another £203m was lent on variable rates of charge, while the remaining £73m was advanced in the form of non-instalment agree*ments.*

Almost half of the new credit advanced was linked to motor vehicles—new and used cars, commercial vehicles and motor *cycles.* The total also included £121m of advances in the form of checks, vouchers and other credit tokens.

Opencast site go-ahead

THE NATIONAL Coal Board should be authorised to work coal by opencast methods at the Togston site, Alnwick, Northumberland, Mr. Alex Eadie, Parliamentary Under-Secretary of State, Energy, has decided.

Mr. Eadie has also decided that an order should be made suspending rights of way across the site while work is in progress, and that planning conditions should be imposed to minimise the environmental impact.

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Industry spending estimate raised

Teamwork:

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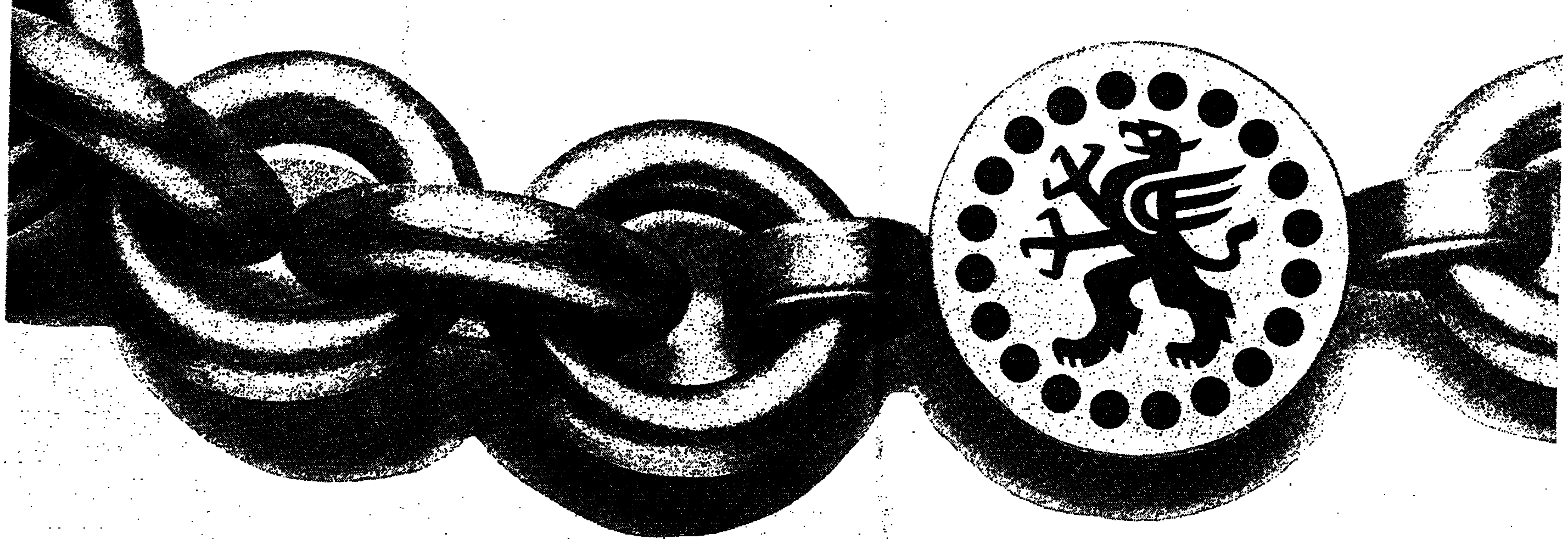

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Tanker crew accused over tow failure

By Paul Taylor

APTAIN Hartmut Weinert, aster of the German salvage ig that went to the assistance ' the foundering Amoco Cadiz, amed his failure to save the essel on "bad co-operation" ith the tanker's crew.

Capt. Weinert told the ·berian board of inquiry investigating the disaster yesterday iat during the 13 years he had orked on salvage tugs he had ever before failed to save a essel once he had managed to et a line aboard.

Asked why he thought this alvage attempt had failed, Capt. Weinert said: "Because of bad o-operation with the Amoco adiz."

He had insisted on a salvage ontract with the tanker's captain because "there are very few onourable gentlemen about iese days."

Crews of saved vessels had on ccasion denied that the salvage ig had done anything to help. ut even without the contract, e would have continued to ttempt to save the Amoco adiz.

Priority

The tanker crew failed to nform the tug master of the essel's rudder position in spite f repeated requests. The crew's ack of co-operation led to delays n securing the towing lines.

His first priority was to get line to the tanker and tow er away from the French coast. Her crew did not seem to understand the serious position they vere in when the steering gear ailed in rough seas and she egan drifting towards the Brittany coast.

Although the chain be used n attempt the tow broke, he had ised "the best equipment available." Captain Weinert said.

He denied that the chain had roken because he tried to tow he tanker at an angle of 90 legrees. It was important to urn the tanker into the wind and impossible to tow her traightforwardly because the oast was too close.

Captain Weinert said that it vas the first time he had known a chain to break. He blamed it on the way the tow line was ixed to the tanker.

Pay policy hitting shiprepair merger

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

SHIPREPAIR companies on the River Thames are being prevented carrying out a complete merger ordered by British Shipbuilders, their parent corporation, because of Government objections to the plan on pay policy grounds.

The merger programme, which should have been carried out by the end of March, was designed to bring the heavily loss-making businesses back into profitability and had been recommended in a *report by consultants A & P* Appledore.

Mr. James Ekins, chief executive of River Thames Shiprepairers, the master company which has taken over the assets of several shiprepair interests in the Thames area, says the delay is having a "very serious" effect on the company's ability to carry out the changes needed to make the business pay.

Earlier this year, Mr. Ekins won agreement from his workforce for a 30 per cent reduction in jobs and revision of a number of damaging working practices.

But he believes the legalistic attitude being taken by the Employment Department over pay is jeopardising further progress.

The specific problem is that River Thames wants to create a common pay scale for all its *manual workers from the two* biggest companies it inherited, London Graving Dock and the nearby Silley Weir.

Differential

At the moment, there is a differential of about £4 a week, and to iron out the anomaly, rises outside the normal annual pay award of 7.5 per cent will be needed for part of the workforce.

So far, the Department has refused to countenance any such proposal, although River Thames has been able to argue that it is *in effect offering its staff wholly* new contracts to work for a new company.

In the year before nationalisation, the River Thames companies lost about £2m. This situation cannot have improved this year, with the depressed state of the market aggravated by uncertainties caused by the recent period of tough labour negotiations.

Another headache for River Thames is the debate over the future of the Port of London's Upper Docks.

If the authority succeeds in its wish to close at least one of the dock complexes, River Thames could lose access to part of its facilities and will certainly suffer from the resultant decline in shipping traffic.

In the longer term, the company's future may lie in developing its dry dock at Tilbury. But this would result in another *substantial loss of jobs.*

Navy discovers 100 wrecks

BY LYNTON McLAIN

MORE THAN 100 previously hidden shipwrecks, some hazardous to deep-draught shipping, were discovered by Royal Navy hydrographers round Britain's coast last year, the official hydrographer says in his latest report, published yesterday.

In the Dover Straits alone, more than 60 previously unknown wrecks had been discovered, many with less than 23 metres (76 feet) of water over them.

The wrecks were discovered by technical advances producing more accurate surveying. The hydrographer, Rear-Admiral David Haslam, praised the successes, but voiced growing concern over Government refusal to fund urgently needed surveys of vast unchartered zones, including important shipping routes, off the British coast.

The Department of Energy is *particularly criticised for making* no contributions towards the national surveying fleet's operating costs in 1978-79.

The report says that more than two-thirds of Britain's continental shelf is completely unsurveyed or covered only by plumb line surveys made up to 170 years ago.

Only 28 per cent of the continental shelf has been surveyed to modern standards. That *is a 4 per cent improvement on* 1974, but still leaves 70 per cent of deep water shipping routes, ship traffic separation areas and other routes designated by the United Nations International Maritime Consultative Organisation not up to full modern standards.

The traffic *separation schemes* were supposed to be designated only after the zones had been covered by modern surveys.

Towed sidescan sonar depth units had produced the greatest improvement in survey accuracy. Results had shown that surveys carried out 10 years ago had failed to detect all seabed obstructions.

On the outer approaches to the Humber estuary such surveys *were urgently needed. In June*, a merchant ship with a 40 ft draught expected a water depth of 57 ft in a channel last surveyed in 1911. Instead, there were only 5 ft of water beneath the keel, and that would have fallen to 1 ft had the ship passed at the time of the low spring tides.

Second big baker cuts discounts

By Elinor Goodman, Consumer Affairs Correspondent

ASSOCIATED BRITISH FOODS is following its main competitor in the baking industry, Ranks Hovis McDougall, by cutting the discounts it gives retailers on bread.

The move, foreshadowed in a letter to customers yesterday, *raises prices by 1p or 2p a loaf* more likely next month, when a new discount structure comes into effect.

When, in April, Associated British Foods and Rank took over what was left of Spillers' baking interests it was assumed that both would eventually try to cut the rising level of trade discounts which have contributed to heavy losses in the industry.

The companies hoped that with less spare baking capacity they would be in a stronger position to negotiate terms *with the supermarket groups.*

Last week, Rank told its customers that its maximum discount would be 22½ per cent. Only very big customers would be given a further 2½ per cent. Yesterday, Associated made similar proposals.

Some supermarkets get dis*counts of over 30 per cent*, so prices could go up by 1p or more a loaf.

Whether this happens depends on the attitude of the Price Commission and of independent bakers.

The Commission said last week it was watching the situation.

While it probably could not stop the rises because of the profit safeguards in the price *controls*, it may be suspicious about the way the two market leaders have announced identical discount structures within a week of each other.

Some independent bakers may prefer to try taking sales away from the big companies by offering supermarkets *bigger discounts.*

UK coal mines report record year for safety

FINANCIAL TIMES REPORTER

THE UK coal industry had its best year for safety in 1977, according to the annual report of the Health and Safety Executive published yesterday.

The year was not only free from serious incidents but one in which the accident figures for coal mines were "the lowest since the middle of last century, when records were first kept," Mr. Dennis Rhydderch, Chief Inspector, stated.

There were 40 deaths and 501 *serious injuries*, compared with 50 and 535 respectively in 1976. The number of fatal or serious accidents per 100,000 man-shifts was 1.04, down from 1.42 in 1960.

Inexperience

But, in an acknowledgement of the fears expressed by Mr. Arthur Scargill and some sections of the National Union of Mineworkers, Mr. Rhydderch said he *hoped that the return* to incentive payment schemes will not result in a reduction in safety standards.

"*Increased productivity* will inevitably lead to increased activity in the majority of operations but efficient production should be synonymous with safe working," he added.

One source of his concern sprang *from the early* retirement scheme for coal miners. The effect had been to replace experience by youth and the situation *should* be monitored to ensure that accidents did not increase because of inexperience.

The biggest single cause of accidents *was transport* underground, prompting Mr. Rhydderch to call for more rapid introduction of remotely controlled *haulage*. More than a third of accidents at coal mines were in transport.

Although deaths caused by *falls of* ground fell sharply, the number of serious injuries caused by that sort of incident rose to 220 last year from 89 in 1976.

Mr. Rhydderch warned miners that most of the fires that broke out underground last year "could have been avoided by *good maintenance standards* and more conscientious attempts at better housekeeping." Although all fires were put out without loss of life or injury, their number increased by 14 per cent to 57, comparing with an average of 48 in 1972-76.

£7 grant for pupils who stay at school

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

MEANS-TESTED grants of up to £7 weekly, to encourage youngsters to stay in education after they are 16, are to be introduced by the Inner London Education Authority in September.

The move by the Labour-controlled authority will come a year in advance of the Govern*ment's planned* introduction of similar grants, possibly of up to £7.50, on a national basis.

The authority already pays "stay-on" grants of up to £4.38 to about one in 10 students aged 16-18 in its area. Their parents can also claim a child benefit *allowance of £2.30.*

The September rise will increase the total cost of the authority's "stay-on" grants by about £500,000 to £1.25m a year.

Taxman to give wives a better deal

BY DAVID FREUD

MARRIED WOMEN who are taxed jointly with their husbands are to get a better deal from the Inland Revenue.

A new clause to the Finance Bill means that PAYE repay*ments due to* wives will be paid directly to them, rather than to their husbands as it is now.

The Inland Revenue has also instructed its offices to reply direct to a married woman who has written to them about her tax affairs. In the past, all correspondence has been sent to husbands.

Mr. Joel Barnett, Chief Secretary to the Treasury, said in a written Parliamentary answer that the change would be introduced at the report stage of the Bill next month.

The move comes in response to representations by the Equal Opportunities Commission a few months ago that the Inland Revenue's treatment of married women amounted to sex discrimination.

While welcoming the changes, *the commission* deplored one anomaly remaining — that a married woman paying for a mortgage could still not get the tax relief paid to herself unless her husband wrote to the Inland Revenue requesting that this be done.

The new clause will also extend the right to receive PAYE repayments to wives whose husbands have already been assessed and wives who claim repayment later than one year following the tax year.

It will not be possible to provide for repayments under the new clause to the wife in cases where there is liability to higher rate tax on total joint income, or where the wife has income assessed under Schedule D.

Accountants criticise inspectors

By David Freud

DEPARTMENT of Trade inspectors are criticised by accountants for introducing superfluous comment into reports on investigations into companies.

The Consultative Committee of Accountancy Bodies said in a memorandum published yesterday that such comment "may be extremely unfair to those involved when remembered out of context."

A comprehensive code of practice for the conduct of company inspections should be published by the Department and made freely available.

The code would give witnesses the right to rebut criticisms made by the inspectors and have the rebuttal included in the report.

The six accountancy bodies in the committee said that they disapproved of "superfluous or *flamboyant*" *comment* by inspectors.

"At best such comment is irrelevant in an investigatory report, and at worst it may be extremely unfair when remembered out of context in the public mind."

Business judgments made *recklessly, negligently* or dishonestly were proper subjects for criticism but, if they were merely wrong, criticism should be avoided.

Exchange controls eased on payments abroad

BY MICHAEL BLANDEN

THE BANK of England has slightly eased its exchange controls over payments abroad as *part of its continuing process of* reviewing and simplifying the administration of the controls.

Changes announced yesterday *raise the amounts which banks* can authorise without reference to the Bank for a variety of payments, ranging from advertising to expenses and publishing rights and royalties.

These fall into two main categories, and the amounts which banks can authorise have been increased from £10,000 and £50,000 a year to £25,000 and £100,000. Other limits have also been lifted.

The £25,000 limit includes, for example, payments to certain groups of people working temporarily abroad and expenses of *newspapers correspondents*, while the £100,000 limit covers items such as expenses for filming abroad, advertising and deposits for tenders.

Another change announced by the Bank has removed certain restrictions on institutional investors investing in foreign currency securities issued by investment or unit trusts, mutual funds and other such investment bodies.

This restriction was related to the 25 per cent surrender rule on sales of foreign securities, and is no longer needed now that the surrender rule has been dropped.

Local ombudsmen seek extra powers

BY DAVID CHURCHILL

EXTRA POWERS are being sought by the ombudsmen for local authorities to enable disputes between councils and individuals to be settled more *easily*, according to the annual report of the Commission for Local Administration in England.

In addition to the power being sought for conciliation between councils and individuals, the commission wants the power to deal with commercial complaints some personnel matters and internal school issues.

Lady Serota, chairman of the Commission, said yesterday that *the experience of three years'* operation had shown the need for wider powers.

"The ombudsmen exist only to serve the public and they are puzzled and concerned to find many things outside our scope. Subjects should be excluded from investigation only if it is *in the public interest to exclude* them."

The commission's proposals for extending the role of local ombudsmen are being studied *by Mr. Peter Shore*, Environment Secretary.

Moreover, a Bill before Parliament would give local *authorities power to make payments* to remedy injustice without asking the Environment Secretary's approval.

The report shows that for the year ended March 31 complaints against local and water authorities rose 57 per cent. There were 1,684 complaints for the year.

MPs' COMMITTEE ENDORSES TREASURY PROPOSALS

Support for simpler control of spending

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

TREASURY PROPOSALS to *simplify the present system of* public expenditure control have been "fully endorsed" by the Commons Public Accounts Committee in a report published yesterday with a recommendation that the changes should be introduced "as speedily and as comprehensively as possible."

This year the Treasury suggested ways in which the cash limits system, extended two years ago to control actual cash outlays, could be assimilated with the estimates or Votes approved by Parliament each spring.

This involves both the restructuring of of the estimates to bring them into alignment as closely as possible with the cash *limit blocks and to present the* estimates on an expected outturn price basis.

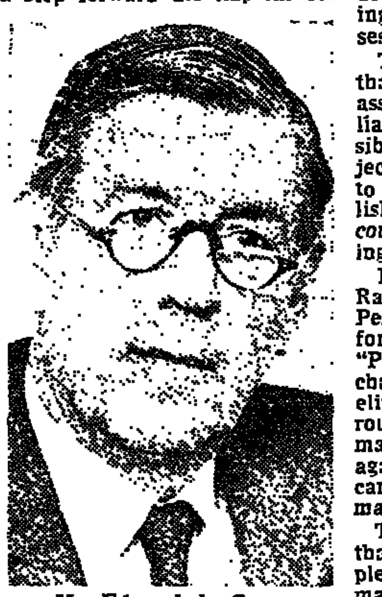
At present the spring esti*mates are based on pay and price* levels prevailing at the time they are prepared with supplementaries to take account of subsequent inflation. The cash limit blocks reflect estimates of expected inflation in the coming financial year.

Estimates

The Tresaury proposals are intended to ensure that the *figures approved by Parliament* in the estimates represent the limit used in actual budgetary control.

These proposals have been submitted to the Public Accounts Committee and the Expenditure Committee, and have been generally welcomed in public hearings in the last two *months*.

The latest endorsement brings a step forward the implementa-



Mr. Edward du Cann

tion of the changes starting in the financial year 1978-80.

The Public Accounts Committee, of which Mr. Edward du Cann, its chairman, argues in its report that the changes "would go far to provide the opportunity, which we hope Parliament will take, to reinstitute a modest but real measure of short-term control over the *expenditure side of the* budgetary process.

"We are confident that it will further stimulate the more incisive approach to financial management at all levels in departments which we have increasingly noticed in our detailed examination of Accounting Officers in the last two sessions."

The committee recommends that when cash limits have been assimilated with estimates, "Parliament should, as soon as possible develop the means of subjecting supplementary estimates to effective scrutiny, to re-establish a measure of Parliamentary *control over Government spending* during the year."

In oral evidence, Sir Anthony Rawlinson, the Treasury Second Permanent Secretary responsible for public expenditure, said: "Part of the purpose of the change is to reduce—even eliminate—what you might call routine supplementary estimates, so that it becomes once again a matter of some significance if a supplementary esti*mate is required*."

The committee also argues that, until cash limits are completely assimilated with the esti*mates, opportunity should be* given to the House of Commons to debate cash limits on a motion to approve the Government's White Paper.

The report discusses the recent underspending of cash limits—estimated at 3 per cent on the central Government blocks in 1977-78.

It maintains that large and persistent underspending, no less than overspending, may *indicate poor estimating or* control, but underspending may arise from good management.

The committee considers it is important to identify the reasons for underspending, and recommends, accordingly, that they *should be identified before action* is taken to reduce underspending.

In a memorandum to the committee, the Treasury says that, when expenditure is controlled within prescribed limits, there is a tendency, also evident in other countries, for the total outturn to fall below the total of the limits. This applies especially to expenditure with long lead times or affected by weather or the performance of suppliers or other external factors.

The extensive use of cash limits may have accentuated this general tendency in the past two years.

The Treasury also notes the difficulty of forecasting how rapidly central Government expenditure will build up on *new programmes of assistance* for industry and employment, while the blocks containing Civil Service staff and general administrative expenditure have tended to be underspent, partly because of staffing restrictions and recruitment difficulties.

In the nationalised industries the main cause of underspending has been over-estimation of capital investment.

The committee suggests that conformity with managerial control, the presentation of major programmes in separate votes, and avoidance of too many sup*plemantary estimates should* be the main criterion in the changes.

Sir Anthony Rawlinson noted in his oral evidence that "one of the ways in which the Government's financial administration can and should be improved is by aligning the accounting, the votes, with the managerial units of accountability."

The report recommends that, if it should be necessary to reduce cash limits generally in the course of a year, votes *should nevertheless remain* as approved by Parliament, which should be fully informed of any such alterations to cash limits *and the reasons for them.*

Margins

The Treasury is also recommended to guard as far as possible against the building in of contingency margins when cash limits are settled.

The committee accepts that, over a large area of demand related supply services, financial control would not be improved by attempts to improve cash limits, but the report recommends that the system should be extended whenever that *would improve control.*

At present, cash limits cover about two-thirds of total public expenditure. The main exclu*sions are demand- related* services where the level of spending is difficult to project accurately in advance and where there are statutory obligations.

This includes social security benefits, certain forms of assistance to industry, and expenditure for the promotion of employment.

Fourth Report from the Committee of Public Accounts, session 1977-78; Supply Estimates and Cash Limits, SO, £2.35.

LABOUR NEWS

Scanlon urges action to end disputes trouble in Leyland

BY PHILIP BASSETT, LABOUR STAFF

MR. HUGH SCANLON, outgoing president of the Amalgamated Union of Engineering Workers, made an appeal yesterday to trade unions to sort out an effective and acceptable policy to deal with industrial disputes in BL Cars, formerly British Leyland.

Speaking to the Confederation of Shipbuilding and Engineering Unions conference at Eastbourne, Mr. Scanlon said there were no problems in Leyland which unions and management could not solve together. All unions should enter fully into the Leyland participation scheme.

He said: "But what does one do when disputes of the nature of some which have developed in BL take place, and you are asked to bring money forward and there is no money available because it has gone on lost production?"

He said it was not pleasant to speak on such subjects, nor sometimes to say some things to trade union members. But it was now time for every leader of every trade union of the confederation to hammer out an acceptable union policy.

He appealed to the trade union movement to make Leyland, the only British-based motor manufacturing industry, the success it needed and deserved to be.

The confederation yesterday urged the Government to introduce selective import controls to protect industry against Japanese goods, and called on it to ensure British competitiveness in the growing electronics industry.

Mr. Stan Davison, assistant general secretary of the Association of Scientific, Technical and Managerial Staffs, said that Japan's balance of trade with the UK in 1977 was £596m: a 36.3 per cent rise on the previous year's figure of £437m. Japan had 13 per cent of the total UK markets.

The Japanese had cut overseas investment from $3.46bn in 1976 to $2.75bn in 1977, and because she could use only 50 per cent of her own production was still exporting heavily.

Cars were a special problem. In 1976-77 Britain exported 954 cars to Japan, Japan 13,547 cars to Britain. Despite being committed to holding penetration of the UK car market at 10 per cent, Japan had in the first five months of this year already reached 60 per cent of that figure.

Mr. Davison said fear of retaliation was argued as the case against import controls. "They are already restricting our imports. It is us that need to retaliate, not the other way round."

Mr. Roy Sanderson. Electrical and Plumbing Trades Union, said failure of British companies to develop products like VCRs, small-scale colour televisions, multi-purpose television, and sophisticated television games meant that no British company had a future in these markets.

Overtime ban likely in rail jobs row

BY NICK GARNETT, LABOUR STAFF

THE executive of the National Union of Railwaymen will almost certainly instruct its members next wek to reduce overtime in support of a dispute with British Rail over job vacancies.

The instruction, which could eventually affect services, will apply to NUR members working for the railways, shipping and catering divisions of British Rail but not its engineering workshops.

Mr. Sid Weighell, the union's general secretary said yesterday that if British Rail did not fill vacancies in order to cover reduced overtime, train and shipping services would be disrupted.

His executive would be forced to order more severe cuts in overtime, on which a good part of British Rail services relied, if vacancies remained at present levels.

The union has been engaged in a long-running dispute with British Rail over jobs, claiming that vacancies now stand at 9,000 and that railmen are obliged to work too much overtime to keep services running.

The management says this vacancy figure is unrealistically high because it partly reflects normal staff turnover and establishment levels which have not been altered to match the present rail needs.

Pressure

The 180,000 strong union will tell its members to exert pressure on management at regional staff council level to fill vacancies through jointly-agreed policies. it also told the British Rail Board yesterday that management should launch an extended advertising campaign to help fill the vacancies.

British Rail has always maintained that it is prepared to co-operate on filling genuine vacancies. It could not assess yesterday what, if any, problems would be caused by the union decision.

Members of the NUR work an average of 13.4 hours overtime a week. A quarter of this is for rest day working and 43 per cent for Sunday rosters which are all worked on overtime.

The union executive will not impose any firm limit. Members will be instructed to work "reasonable overtime" and there is likely to be a fair proportion of rail workers who will not be prepared to cut their existing overtime.

The union, however, is bearing in mind a letter from the TUC which says that in helping to solve the problem of unemployment, an adequate level of overtime would be 30 hours a month.

Throw out 'reactionary' bodies Health Service unions urged

BY PAULINE CLARK, LABOUR STAFF

TRADE UNION leaders yesterday marked next Wednesday's 30th anniversary of the National Health Service with a call for recognition of the role trade unionism can play in Britain's hospitals and among the 1m labour force of the Health Service.

But as a warning of some of the difficulties to be overcome before a harmonious and effective industrial relations system can operate, TUC - affiliated unions in the Health Service were urged to band together to throw out "anti-union" and "reactionary" professional organisations from the negotiating machinery.

These organisations, which account for 34 of the 43 bodies representing Health Service employees in the Whitley system, include the British Medical Association and the Royal College of Nursing.

As the traditional professional organisations for doctors and nurses, they are increasingly in conflict with TUC - affiliated unions in the Health Service.

Mr. David Lea, TUC assistant general secretary, told delegates at a conference on the Health Service in Congress House that there was an "unfortunate" view put across by the media that because the Health Service was a health service rather than a bus service or any other public service, bona fide trade unionism was not appropriate.

He challenged any attempt by outside critics "to drive a wedge" between the interests of the patient and the Health Service employee or to make Health Service workers "second class citizens" in terms of industrial relations or industrial democracy.

Since 1948, trade unionism in the Health Service had developed from less than one fifth to cover two thirds of all its employees in "the most impressive development in any industry or service in that period," he said.

Mr. Roland Moyle, Health Minister, underlined the role he and Mr. David Ennals, Secretary for Health and Social Services, had played in encouraging industrial democracy in the Health Service.

Although the issue had been left out of the Government's recent White Paper on industrial democracy, Mr. Moyle told the TUC delegates, "We are anxious to have proper representation on health authorities, including the people who work in the Health Service.

"We want to see industrial democracy developed and put into operation in industries and employment generally."

The most scathing attack on the professional representatives of Health Service employees came from Mr. Reg Bird, national officer in the Association of Scientific, Technical and Managerial Staffs, whose negotiators refused in one recent dispute to join the Royal College of Nursing in negotiations.

"We must get rid of the reactionary and quasi-professional organisations. They are anti-union and anti the labour movement," *he said.*

Mr. Bird *said* that the professional groups had been "spoonfed" too long by unions attempting to persuade them to join. "Now is the time to throw them out of the regional machinery."

Officials to strike over new benefits scheme

By Our Labour Staff

MEMBERS OF the Civil and Public Services Association at unemployment benefit and Department of Health and Social Security offices in four areas are being called out on a week's strike in a dispute over a new benefit payments system.

The members at four unemployment benefit offices and 12 department offices in Widnes: Walton; Liverpool; Cumbernauld; and Burton upon Trent, have been instructed to strike from July 10.

The four offices are part of a Department of Employment pilot scheme operating in 36 offices and geared to paying benefits fortnightly instead of weekly as at present.

The union may consider bringing out members in other unemployment benefit offices.

The Department of Employment said yesterday that it was very concerned at the union's action. It would be difficult to make alternative arrangements during the strike and there would be delays in paying benefit.

It believes the system, which has yet to go before Parliament, would save money and provide a better service than the existing one. It has assured the unions that there will be no redundancies when the system is introduced.

The association says the fortnightly system might lead to an increase in overpayments and fraud and the loss of 1,000 jobs. The department is studying means of combating the first two points.

The association said yesterday that it was forced to call the strike when it failed to persuade government officials that the new system was not suitable.

Finding jobs will be big problem for next 25 years

BY CHRISTOPHER DUNN

FINDING ENOUGH jobs for people will be one of Europe's major problems for the next 25 years, predicts Mr. Norman Davis, of the Government's Population Statistics Division, in the latest survey of population trends.

There are 2m young people unemployed in the EEC, he says, four times as many as in 1969. Continued growth in the number of young people for whom jobs must be found is expected.

"In 1973 there were 3.7m 16-year-olds. The figure today is 4.2m and by 1980 it will be 4.4m."

More young people wanting jobs mean more potential young parents in the decades to come, making a further fall in the number of births unlikely, Mr. Davis adds. Even if fertility remained at its present low level, births would still *increase.*

He notes the decline in demand for migrant workers. In 1975 only 140,000 workers migrated to central Europe from seven main countries of origin, compared with over half a million two years earlier.

"The need for immigrant workers which has been such a prominent features of the last 25 years in central and northern Europe will not be present over the next 25 years."

Fertility would probably fluctuate in future at roughly replacement-levels average. A prolonged increase in fertility was unlikely.

Mr. Davis details the grave social consequences in the UK of misreading fertility trends in the sixties.

"We now have under-used maternity hospitals; so many teacher training colleges some are having to be closed and planned new growth centres of population which have drained some of our older cities of jobs and people to such an extent that it may be decades before they recover."

● A degree does ensure a passport to a better life, according to an article in the survey analysing the 1971 census.

In it Faith Banfield, of the Government's Census division shows that at each age men with first degrees earn more than those with "A" level passes but no degree.

Qualifications affect income levels all the way through the *academic scale. The same is true* for women. At each educational level, average earnings for men were higher than those for women. Earnings increase with age only for the more highly qualified.

Population Trends 12. SO, price £2.25.

Changed name in hydraulics

AUTOMOTIVE PRODUCTS' aircraft and industrial hydraulic division, based at Speke, Liverpool, will operate under the trading style AP Precision Hydraulics from tomorrow.

The change is intended to create a clearer identity for the company's range of special equipment.

Return to work starts after Rover strike

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

RECALL OF 10,000 BL car workers will begin today after the three-week strike at Solihull, which has cost £42m in lost production.

After a personal appeal from Mr. Tony Tombes, the shop steward at the centre of the dispute, the 80 transport drivers voted yesterday to return to work.

They walked out after Mr. Tombes was sacked for stealing a tax disc. He was fined £50 by Solihull magistrates after pleading guilty to the offence.

At a 90-minute meeting at Transport House, Birmingham, yesterday, Mr. Tombes insisted that he would continue the fight for reinstatement. He claims that he was victimised as a shop steward.

He said that he had urged an end to the strike because he did not want to be the man in the centre, causing the drivers and thousands of other people to be laid off.

The strike halted production of Rover saloons, Range-Rovers and Land-Rovers for nearly three weeks.

● Mr. Grenville Hawley national automotive secretary of the transport workers union said: "We are very pleased with the decision of our members to return to normal working." The union would ask BL to restore Mr. Tombes to his original job.

Dockers agree pay deal

BY OUR OWN CORRESPONDENT

FELIXSTOWE port workers have accepted a pay deal within the Government's guidelines. It comes into effect tomorrow.

The agreement results from negotiations between Felixstowe Dock and Railway Company and the Transport and General Workers' Union, including its associated clerical, technical and supervisory staff. Average weekly pay of the 1,185 people employed by the dock company in 1977 came to £103.

● About 600 clerical workers employed by the Mersey Docks and Harbour Company are banning weekend overtime working in a dispute over their annual pay claim.

The action is largely affecting operation at the Royal Seaforth container terminal, although other sections of the port are also being hit.

£785m plan for London Transport

By Paul Taylor, Industrial Staff

LONDON TRANSPORT plans to spend £785m on capital projects over the next ten years. Details are in the yearly capital programme submitted to Greater London Council for approval.

The programme includes £156m for replacement of buses and £108m to buy new trains for the District, Jubilee and Central lines.

A further £51m is to be spent on station modernisation, £59m on bus garages and £12m on bus stations and shelters.

Among the new systems in the estimates is the recently-announced plan to spend £56m automating ticket collection on the Underground railway. Computerised control systems for the Underground and bus services account for a further £9m.

All the costings are at November 1977 prices. Projects are subject to individual approval before being undertaken.

Chevron fire ship for Ninian field

CHEVRON PETROLEUM (U.K.), has chartered a quick-response fire-fighting vessel to work in the Ninian North Sea oil field, where it is the operator. The vessel will be used on a temporary basis to allow the Ninian partnership to assess its long-term needs.

Bids for the contract were received from 12 companies.

The boat, the Tender Commander, is already operating in the North Sea as a charter vessel, and will be converted in a British yard for its new role at a cost of £1m.

Apart from its fire-fighting, the 265-foot vessel will double as a support craft helping with diving, transport and maintenance.

Tether hearing ends after 13 months

A CHAPTER in the dispute between Mr. C. Gordon Tether, former Financial Times columnist, and Mr. Fredy Fisher, the newspaper's editor, closed yesterday with the ending of the public hearing of the writer's unfair dismissal claim.

The case which started 13 months ago before a London industrial tribunal has lasted 45 days. It is believed to be the longest running hearing in the history of the tribunal.

Mr. Tether was sacked 20 months ago after a protracted wrangle over Mr. Fisher's control of his daily Lombard column. He seeks reinstatement and compensation.

The tribunal will start to consider its decision on July 12.

The chairman, Mr. William Wells, QC, said it would necessarily be a considerable time before their decision was ready.

Mr. Tether, 64, wrote Lombard for 21 years.

He rejected the newspaper's compensation offer of full pay until normal retirement age and an unaffected pension. But this offer was withdrawn during the hearing.

The dispute over editorial control began soon after Mr. Fisher's appointment in 1973, in succession to Sir Gordon Newton.

Mr. Thomas Morison, for the Financial Times, said that journalists' and newspaper publishers' disputes committee, set up in an attempt to resolve the dispute, called for contact and discussion between Mr. Tether and Mr. Fisher.

Mr. Tether had to bring himself to face up to his editor.

The committee held the door open. It was plain that a meeting between the two was intended to be held at the offices of the Financial Times. If Mr. Tether could not bring himself to meet the editor at the Financial Times, then what hope was there for establishing a working relationship between them?

But Mr. Tether had said that in no circumstances would he attend a meeting at the Financial Times and now *was saying,* in a grossly exaggerated way, that one of the reasons he was unwilling to attend was that he had been given legal advice not to.

It was difficult to see how any legal advice could have been given that he should go to the headquarters of the Newspaper Publishers' Association but not to the Financial Times.

Mr. Morison added that the Financial Times was reasonably entitled to believe that the disputes procedure was at an end and had failed because Mr. Tether was not prepared to comply with the findings of the disputes committee.

Answering a question raised by Mr. Brian Dupe, the tribunal's union nominee member, as to whether the Financial Times could not have kept on with Mr. Tether until he retired, Mr. Morison said it had lived with a difficult man under exceptionally difficult circumstances for more than two years.

The Financial Times had offered itself ready to conciliate, ready to comply with the disputes procedure, to work out an acceptable solution—and even that failed. "I would have thought that a divorce was inevitable—enough was enough."

As a matter of law, Mr. Tether, by refusing to meet his editor and comply with the finding of the disputes committee, had severed any possibility of trust and confidence.

He asked the tribunal to imagine what would have happened if Mr. Tether had stayed. The thesis he had to deal with was the situation where anything written by Mr. Tether outside the editor's directive limiting the subjects on which he could write would have been "canned."

How could it have been in the interests of the newspaper sometimes to carry Mr. Tether's column and sometimes not "with the war being waged" outside the Financial Times, with articles banned by Mr. Fisher being published by Mr. Tether elsewhere?

Mr. Morison claimed that it would have been imposing a wholly unacceptable burden on the Financial Times.

Mr. Dupe asked: "Are you saying that the amount of time to run before Mr. Tether's retirement was irrelevant?"

Mr. Morison replied that he was not saying it was irrelevant. But the choice the Financial Times was facing was keeping Mr. Tether on under exceptionally difficult circumstances for two-and-a-half years "leaving him to stare at St. Pauls" or terminating his contract so he could write for other publications, thus giving him the voice he wanted and, at the same time, offering him his salary, including any nationally agreed pay increases and an unaffected pension.

How could it be said that that was an unreasonable course to take when there was this running sore argument?

If Mr. Tether wrote only outside the directive it would have meant that the editor would never have known where he stood. It would have been extremely damaging to the newspaper.

The Financial Times had made probably the most generous terminating offer in a case brought before the tribunal. A conclusion that the *dismissal* was unreasonable would be perverse.

It was the plainest case of a fair dismissal.

Mr. Morrison asked the tribunal to take what might prove to be a courageous position if it felt the evidence established the propositions he had made—however unpopular this might be.

It had not been a pleasant task to make the submissions which, in his professional duty, he had had to make.

ENERGY REVIEW: NORTH SEA

BY RAY DAFTER

Prospects of a big oil find

BRITISH PETROLEUM has been finding it difficult to divert the attention of the industry away from its drilling activity in block 206/8, some 35 miles west of the Shetland Islands. Company spokesmen have been patiently repeating their is nothing to report: that the drilling rig Sea Conquest has not yet completed its operations. All very hum-drum, one would think.

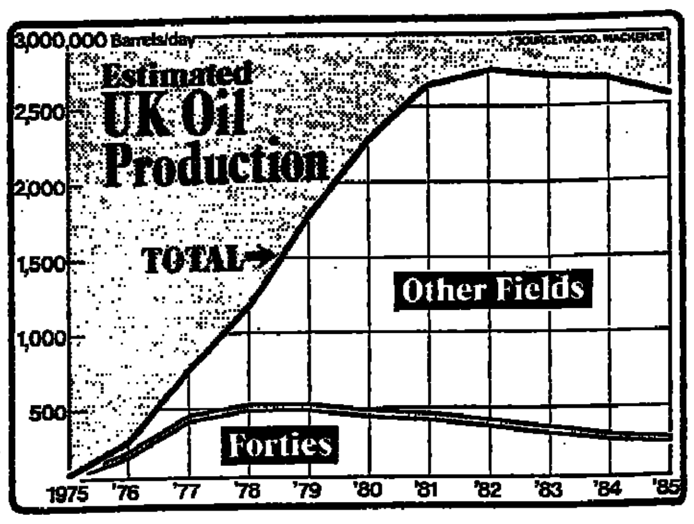
But BP's calm front cannot conceal the fact that it is drilling one of the most important wells of the current season. There is broad agreement in the offshore industry that BP and its partners, Chevron and Imperial Chemical Industries, could be sitting on top of a very large oil bearing structure. Whether or not the reservoir will prove to be a commercial proposition remains to be seen; the latest well should provide at least some of the answers.

One of the few oilmen to have commented publicly on the oil prospects in this West Shetland area is Mr. Dick Fowle, the British National Oil Corporation's director of exploration. He believes it to be one of Britain's most exciting offshore exploration regions.

BNOC has more than a passing interest in BP's drilling activity. The Corporation has a stake in a number of nearby concessions, a presence recently extended through the allocation of sole licences in blocks 206/6, 205/10 and 208/27. More significantly, at this stage, the state Corporation has a 25 per cent interest in block 206/7, immediately alongside the BP block, where Elf has confirmed the discovery of oil and gas. Relatively heavy oil—23 degrees API—was tested at an aggregate flow rate of 1,700 barrels a day.

There appears to be some geological evidence to suggest that the Elf and BP wells may have been sunk in the same structure. At worst the two reservoirs are likely to be related. Indeed within the industry it was being said this week that there could be one big field centred on BP's block 206/8 and extending into a number of neighbouring concessions: 206/7 to the west, Amoco's 206/9 to the east; and Esso's twin blocks 206/12 and 206/13 to the south. Esso has already made a discovery in 206/12: the well was plugged and abandoned in October after testing a non-commercial flow of 630 barrels of oil. The quality of the oil there was 24 degrees API.

It is quite possible that the Esso discovery was made on a completely separate structure from the one now being evaluated by BP. Oilmen feel that there could be a number of separate, quite sizeable reservoirs in the area. Indeed, I heard it said on more than one occasion this week that the amount of oil lying in that particular part of the Continental Shelf could well amount to billions of barrels. Such statements, however, should not be regarded as signalling a new offshore bonanza.



Even if the reserves were that big there is no certainty that they could be exploited commercially with existing production techniques. It seems from drilling evidence so far that the oil is contained in thin paysands. To make matters worse they are at a relatively shallow depth which means that there will be a severe limitation on the way deviated wells (wells drilled at an angle to the vertical) can be used to exploit the reservoir.

The depth to which BP has been drilling remains shrouded in mystery. The company made it clear this week that the well was regarded as a "tight hole," in other words, as a commercial secret.

However, there are clues. Last August BP did announce that as a result of the first well drilled on block 206/8 it had discovered a reservoir. Oil, of 25 degree API quality, had been tested from two intervals at an aggregate flow rate of 2,920 barrels a day. "The commercial significance of this discovery will not be known pending further drilling in the area which will not be undertaken by the group before the end of 1977," was BP's cautious statement.

Oil companies are invariably cautious when announcing discoveries. (It was pleasing, from a journalist's point of view, to see BNOC using an adjective—"encouraging"—in its announcement last week of a discovery on block 30/17b.)

It is worth recalling a previous announcement of British Petroleum, one which said: "BP's North Sea well 21/10-1 situated 110 miles East North East of Aberdeen, in latitude 57° 43' 50"N, longitude 00° 58' 30"E, has now reached its total depth of approximately 11,000 feet. Indications of hydrocarbons have been found and testing will shortly be carried out."

Those hydrocarbon indications, announced on October 7, 1970, turned out to be the Forties Field, a reservoir which ranks among the most attractive in the world and among the most profitable in the North Sea. It is estimated that the original amount of oil in place was about 4.5bn barrels. BP, which owns virtually all of the reservoir (a small fraction is owned by Shell and Esso), is sticking to its original estimate that 1.8bn barrels of that oil will be recovered.

It is a sign of the maturity of the Forties Field, on stream since 1975, that some 22 per cent of those recoverable reserves will have been taken and sold by BP by the end of this year. Put another way, Forties will have yielded about 400m barrels—more than the total recoverable reserves of many fields in the North Sea and, by coincidence, the same amount of oil BP expects to gain from its northerly Magnus Field, the next big North Sea development project planned by the company.

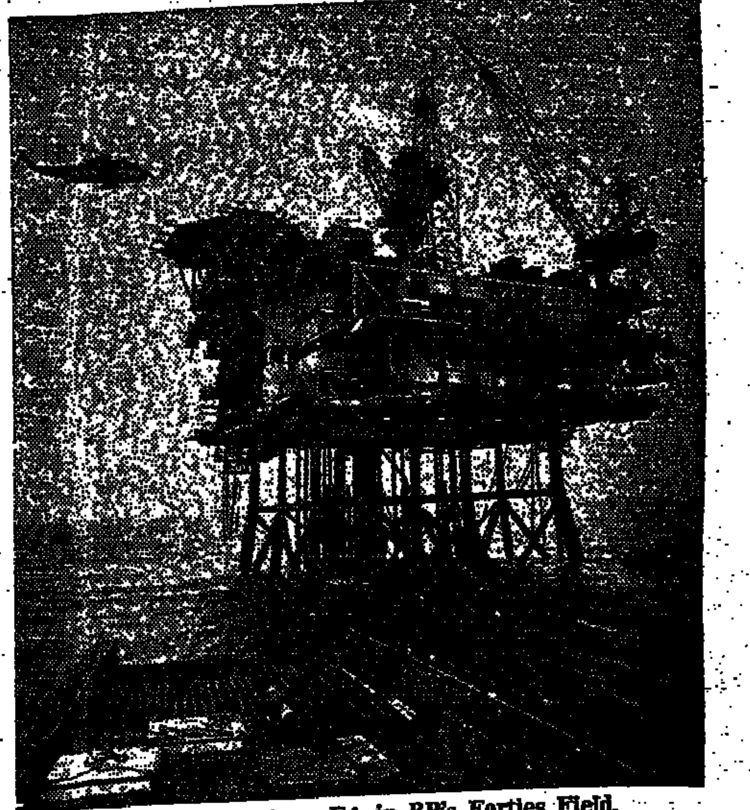
In recent months Forties has been yielding oil up to a maximum rate of 570,000 barrels a day, indicating that BP should have no difficulty in maintaining the average plateau, agreed with the Department of Energy, of 500,000 b/d. Under this plan, Forties was scheduled to produce at this rate from mid-1977 through to mid-1980. In 1981 production was expected to slip to 430,000 b/d followed by a further fall to 380,000 b/d in 1982.

However, with the field performing even more satisfactorily than expected—it seems that fewer production wells will be needed in at least these early years—BP is considering applying to the Government for permission to extend the 500,000 b/d plateau for a further year. The possibility is likely to be discussed when BP executives and Energy Department officials hold their six-monthly review meeting in October.

Much will depend on how oil depletion policies are shaping up at the time. The Government has set a target of oil and energy self-sufficiency by 1980. This has been at the heart of all recent economic policies. But it is becoming clear that it is going to be a close-run thing.

According to the latest Energy Department statistics UK oil production should total between 90m tonnes and 110m tonnes in 1980. But figures published this week show that domestic oil consumption is already running at a rate of 92m tonnes a year.

Mr. Anthony Wedgwood Benn, the Energy Secretary, announced a few days ago that output in May reached a record 1.1m b/d (equivalent to 54.8m tonnes a year). This, he said, was "a magnificent achievement; a significant milestone on our way to making the UK into one of the world's major oil producers." But even that justified praise cannot disguise the fact that North Sea operators will have to increase production substantially over the next few months in order to achieve even the most pessimistic output forecast by the Government. It was hoped that the North Sea would yield between 55m and 65m tonnes of oil this year. The immediate chances of boosting the current level of output are limited. Only two new fields are due on stream in the next six months and at least one of these, Ninian, is unlikely to make a significant contribution before the end of the year.



Production platform FA in BP's Forties Field.

Delays in the construction of oil processing equipment at the major Sullam Voe terminal in the Shetland Islands, together with a slower-than-expected build-up of production in a number of offshore fields must also call into question the Government's forecasts of 80m to 95m tonnes of output next year.

On the other hand if oil companies can catch up on lost time and achieve the desired goal of energy self-sufficiency by 1980, the Government may be reluctant to open the valves further. It may feel there is little benefit in being a substantial net exporter in the early 1980s when there are forecasts that oil will be much more expensive and in shorter supply in the late 1980s and 1990s. (This is assuming that a government is willing to rate a potential long term benefit above a short-term boost to the economy and thus, presumably, to the government's popularity.)

Forties is a crucial factor in all these deliberations because it is such an important contributor to Britain's growing oil supplies.

But Forties is also the major contributor to BP's cash flow and profitability, offsetting some hefty losses incurred by the group in downstream activities. Forties has not been a cheap project. Latest figures suggest that BP will eventually spend well over £1bn on its development; nearly three times the original estimate. This, incidentally, goes some way to confirming "Q's Law" as devised by Mr. Quentin Morris, a director of BP Trading. He has recognised that, at least through the initial stages of an offshore development programme, the amount to be spent on a project remains constant no matter how much has been spent before. In other words even when £360m, the original forecast cost of Forties had been spent, there still remained a further £360m to be invested. And even when £720m had been spent BP was faced with investing a further £300m or so.

That said, the prodigious output of Forties has still made it an extremely profitable field; so much so that BP will have been able to repay all of its £360m loans, raised in 1972, by the end of this year. The money is being repaid at twice the rate originally agreed with banks.

Forties cash flow is not only helping BP to expand further in the North Sea (the company is developing the Buchan Field and preparing to invest £1.25bn in the Magnus Field), it is also helping to underwrite the group's expansion in petrochemicals. Earlier this month BP announced two major acquisitions designed to reinforce its European operations: a £210m agreement with Veba, the West German energy concern, and the £220m purchase—still to be ratified—of the main part of Union Carbide's European chemicals operations. Then last week BP Chemicals revealed it was negotiating a £20m deal to acquire nearly all the U.S.-based Monsanto group's polystyrene interests in Europe.

Broader base

All this is designed to lay a broader base for BP's operations and to strengthen its integrated business between oil production and its final customers, be they petrol-consuming motorists or plastics buyers.

However, the continuing supply of crude oil is crucial to this integration. Forties crude accounts for an estimated 15 per cent of BP's crude oil supplies of between 160m and 170m tonnes a year. What happens in the late 1980s when Forties output will be well below half of today's level? Clearly BP needs to find some more big reservoirs. The Buchan and Magnus Fields will help but they will nowhere near make-up for the drop in Forties production. BP must look to other areas. Just maybe, the reservoir west of the Shetland Islands will make an important contribution to BP's supplies at about the right time.

PARLIAMENT AND POLITICS

Healey clashes with Tory 'shadow' over IMF credit

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR. DENIS HEALEY, Chancellor of the Exchequer, was the centre of a heated row in the Commons yesterday when he accused Sir Geoffrey Howe, shadow Chancellor, of a "deliberate lie" in allegations he had made concerning negotiations for the stand-by credit with the IMF in 1976.

The controversy concerns a charge made earlier by Sir Geoffrey that the Chancellor had been guilty of "deceit" when he had told the House that there were no strings attached to the IMF credit.

Mr. Healey said yesterday that he repudiated the allegation. He could not accuse Sir Geoffrey of mendacity because it was forbidden by the rules of the House, but he thought the word "deceitful" should be withdrawn.

At this, Sir Geoffrey intervened to make it clear that he had no intention of climbing down. He understood the Chancellor's sensitivity on this subject, but stood by his statement that Mr. Healey's behaviour had been "one of deceit and not of candour to the House."

Returning to the attack, Mr. Healey said that the allegation was totally untrue. In announcing the stand-by credit, he had made it clear to the House that if the sums could not be repaid on the date they were due, then the Government would have to seek a further drawing from the IMF. This, he said, proved that Sir Geoffrey had been caught out in a deliberate lie.

The battle of words ended when, after an intervention by the Speaker, Mr. Healey agreed to withdraw the word "lie." Honour was then satisfied when Sir Geoffrey agreed to withdraw the expression "deceit" on the understanding that the Chancellor renounce his charge of "mendacity."

Throughout questions to the Chancellor, a distinctly pre-election atmosphere prevailed, with both sides eager to score debating points.

Mr. Healey said that the latest production figures showed that output in the UK was growing at 1 per cent a quarter, a figure which he hoped the House would view with satisfaction. If anything, this was slightly ahead of the Budget forecast.

Mr. Julian Ridsdale (C., Harwich) pointed out that output in Japan, the U.S. and Germany was still ahead of ours. But Mr. Healey told him that the German Economic Institute had forecast a rate of growth this year of 2½ per cent. "On this showing, our rate of growth is likely to be higher than Germany's," he commented.

The Chancellor's optimism was challenged by Sir Geoffrey Howe, who said that output for the first quarter was still below the level of the three-day week under the Tories. There had been four years' stagnation under Labour.

The Chancellor replied that that year's growth figures for Britain were likely to be somewhat higher than those of Germany and France. Our inflation rate was below that of France, and might well be below that of the U.S.

"Considering the problems, I think we are doing quite well, and I think the British people will take the same view when it has a chance to express itself," he added.

There were also clashes between the two front benches over money supply.

Sir Geoffrey maintained that there was every reason for concern when M3 (the broader definition of money supply) had grown by 16 per cent. over the last 12 months, while M1 (the narrow definition) had grown even faster. The Chancellor was creating these problems for himself by the size of the borrowing requirement.

According to Mr. Healey, this argument was absolutely wrong. The 16 per cent. increase in money supply last year had not been due to the size of the PSBR, which had turned out to be lower than expected. In fact, 40 per cent. of the growth of M3 last year was due to the inflow of foreign currency, as a result of the strength of the pound. But for that, the increase in money supply last year had been only 10 per cent.

Germany was currently more in excess of its monetary targets than we were, and this had not led to the ill effects which had been predicted.

Mr. Joel Barnett, Chief Secretary to the Treasury, gave a cryptic answer when questioned about the effect that the alterations to the Finance Bill might have on the PSBR.

When he told the House that the best estimate of PSBR for 1978-79 remained the £8.5bn forecast in the Chancellor's Budget statement Mr. Enoch Powell (UU, South Down) demanded to know how this could possibly take into account the effects of amendments made to the Bill.

Mr. Barnett replied: "The Finance Bill is not yet through the House. We do not yet know whether there will be any change to the Chancellor's Budget statement."

Dividends answer may soon be known

BY JOHN HUNT

THERE WERE some signs in the Commons yesterday that the great dividend control mystery, currently the longest running thriller at Westminster may be coming to an end.

Cautiously, Mr. Michael Foot, Leader of the House, indicated that the Government may be preparing to bring down the curtain on this production. He told MPs: "Maybe, the best way to proceed is by a statement next week."

Statutory control over dividends runs out at the end of July unless the Government introduces new legislation to extend it. The City is waiting with baited breath to see what the Government's intentions are.

Last week, the mystery deepened still further when Mr. Foot said that there would be no legislation although the Government still had not made up its mind what to do about the continuation of statutory controls.

The story took a further twist yesterday when Mr. Joel Barnett, Chief Secretary to the Treasury, seemed to cast some doubt on the subject of legislation.

During question time, Mr. John Biffen (C., Oswestry) asked Mr. Barnett to clarify what Mr. Foot had meant when he said there would be no legislation.

Enigmatically, Mr. Barnett advised Mr. Biffen not just to pick up "one or two" words of what Mr. Foot had said. A statement would be made at the appropriate time.

There was a warning from Mr. Ernest Fernyhough (Lab. Jarrow) that if capitalism was allowed uncontrolled rewards, there was little possibility of getting a further agreement of wage controls with the unions.

Mr. Barnett agreed to bear this in mind but pointed out that the growth of dividends over the past decade had "not been all that great."

From the Opposition front bench Mr. Nigel Lawson, demanded an assurance that controls would not be perpetuated by a so-called voluntary system which would include the use of economic sanctions and the blacklisting of companies who did not obey the pay code.

Callaghan sees 'danger' in Tory pay plans

BY IVOR OWEN, PARLIAMENTARY STAFF

THE RISKS inherent in operating an incomes policy which deliberately discriminates against workers in the public sector were highlighted by the Prime Minister in the Commons yesterday.

He accused Mrs. Margaret Thatcher, Opposition leader, of having made the "most dangerous speech of the week" in Yorkshire on Wednesday when she indicated that under a Conservative Government a sharp distinction would be drawn between pay bargaining in the private and public sectors.

Mr. Callaghan claimed that Mrs. Thatcher had promised free collective bargaining for private industry while giving notice that publicly owned industries would be required to keep within cash limits.

There were cheers from the Labour benches when he commented: "If she does not understand the degree of comparability between skilled workers in public industry and those engaged in private industry, I can assure her that if she ever has responsibility, she will have a wonderful disillusionment coming."

Earlier, Mrs. Thatcher taunted the Prime Minister over the Government's decision to cut the proposed increase in the employers' National Insurance surcharge from 2½ per cent to 1½ per cent.

"Has the Government finally made up its mind about the Budget?" she scoffed.

If so, said the Tory leader, Parliament should be informed. Backed by Tory cheers, she maintained that so far the only firmness shown by the Government had been in its support of policies of high taxation.

The National Insurance surcharge, she added, would be a tax on exports, jobs and food.

Mr. Callaghan replied that the Government made up its mind about the Budget in April. Unfortunately, it had not been possible to get support from the House for every proposal.

"If you are now repentant of your vote and would like to go back to the position announced in April, I would be very happy to do that," he said.

Mrs. Thatcher then accused the Prime Minister of persisting with policies which would increase unemployment even though having admitted earlier that the tax changes proposed by the Opposition would reduce unemployment.

The Prime Minister retorted: "I dare say if you go on biting for 15 minutes, you will score a scratch somewhere."

But, he insisted, the Government's economic policy was well understood in the country and was meeting with increased satisfaction.

Peers fail to agree on Bill of Rights

By Rupert Cornwell, Lobby St

A SPECIAL House of L Select Committee has faile agree whether the UK nee formal Bill of Rights. But unanimous that if one eve adopted, it should be basec the existing European Con tion on Human Rights.

The committee of 11 peers set up more than 16 months after a Bill sponsored by Wade, a Liberal peer, to ensh a code of fundamental right the constitution had wor second reading in the U House before being referre detailed expert scrutiny.

Yesterday, after its report been published, Lord W declared that the majority favour of the principle of a of Rights, albeit only by six to five, was an "important br through." The subject had mo from one of "academic discus to potential legislation."

The merits of a Bill of Ri have been long debated, part larly as part of a radical overt of the entire constitution.

The committee found tha Bill could not be made imm from amendment or repeal b subsequent Act. "That foll from the principle of sovereignty of Parliament wh is the central feature of constitution."

Listing the main advanta of a Bill of Rights, the rep points to the extra protect it might give the citizen, its r relevance now that Britain is the EEC and about to set devolved assemblies with le lative powers of their own, the inconvenience of an Ind dual having to use the rem Strasbourg Court of Justice obtain redress.

On the disadvantages committee says that a Bill Rights would cause seri constitutional problems, a give too much power to an elected judiciary. It wo serve no real purpose since, many cases, basic standards human rights in the UK we higher than those contained the convention.

The committee remarks th a Bill of Rights, even if adopt would very probably make lit difference in practice.

Hint of more details on air projects

MORE INFORMATION about the choices open to the Government in seeking partners for collaborative projects for new civil aircraft and engine manufacturing programmes may be given to the Commons on Monday week.

This possibility was held out by the Prime Minister yesterday when he told MPs that his talks earlier in the week in Washington with the heads of Boeing, McDonnell-Douglas and Eastern Airlines had been "valuable."

They had shown, he said, that there was a very big and rapidly growing market for air transport, particularly in the U.S.

The Prime Minister stressed that "some difficult decisions" would have to be taken as between the three corporations—British Aerospace, BAC and Rolls-Royce.

He acknowledged the need to lay the facts before the House and said the Government welcomed the fact that Mr. Terry Walker (Lab. Kingswood) was to launch a debate on future aerospace production policy on a private member's motion on July 10.

No monopolies inquiry

MR. ROY HATTERSLEY, Prices Secretary, has decided against referring the merger of the Hastings and Thanet Building Society with the Anglia Building Society to the Monopolies and Mergers Commission for investigation.

Mr. Robert Maclennan, Under-Secretary for Prices, told MPs in a written answer: "The Chief Registrar of Friendly Societies has considered those aspects of the proposed merger that concern him and is satisfied that the amalgamation should be allowed to proceed."

Assurance on finance report

A POSSIBLE October general election would not affect the timing of a report from the Committee to Review the Functioning of Financial Institutions, the Prime Minister assured the Commons yesterday.

In a written reply, Mr. Callaghan said he understood that the committee hoped to present an interim report at the end of this year and a final report in the second half of 1979.

"I see no reason why, if there were a dissolution of Parliament before the committee presents its final report, the current arrangements for its work should be affected," he said.

Dell faces criticism of Eleni V operation

BY LYNTON McLAIN

THERE WAS nothing the Trade Department could do to stop oil pollution coming ashore from the crippled tanker Eleni V which was blown up last month, Mr. Edmund Dell, Trade Secretary, told a Select Committee of MPs last night.

Mr. Arthur Palmer, MP, the committee chairman, told Mr. Dell that the Eleni operation was "badly coordinated and that there had been too many fingers in the pie."

Mr. Dell admitted that oil dispersers were "not very effective." The Department was still "very far from being able to guarantee that oil will not pollute the beaches."

Dr. Paul Cormack, head of the oil pollution division at the Government's Warren Spring laboratory, said there was very little chance of designing a dispersant that would work on thick oils like that in the Eleni V.

Mr. Dell spoke after Mr. Palmer read evidence from Norfolk County Council condemning emergency oil pollution techniques used during the Eleni emergency last month. The council was heavily involved in attempts to stop pollution to its beaches. It said that techniques were patently not adequate to cope with oil pollution.

Other local authorities criticised Mr. Dell's department for failing to lead in the fight to save Norfolk and Suffolk beaches. The Great Yarmouth council said that there had been no one person or body on the spot during the Eleni disaster with overall executive control.

The Eleni V collided with the Rosaline, a French merchant ship, on Saturday, May 6, six to eight miles off Happisburgh, Norfolk.

Mr. Dell apologised for the fact that his department had misled the public with suggestions that there would be "no ecological problem, and no pollution to the beaches." This was "over-optimistic," he said.

Mr. Stanley Clinton Davis, Under-Secretary for Trade, told the committee, "At all times, I was assured by all the local authorities that they could cope with oil that came ashore." He explained that responsibilities for oil pollution were held by the Trade Department for all events one mile from the shore. The local authorities and the Environment Department had responsibility for beach pollution.

Next week's business

COMMONS business next week

MONDAY: Debates on NI disputes, and on rural planni in Northern Ireland; Represe tation of the People Bill, Repo Theft Bill, remaining stages.

TUESDAY: Debate on emplo ment: timetable motion Scotland Bill.

WEDNESDAY: Finance B report.

THURSDAY: Scotland Bill, Lor amendments.

FRIDAY: Appropriation (No. Northern Ireland ord Northern Ireland (Financ Provisions) order.

MONDAY (July 10): Priva members' motions: debate EEC preliminary draft budg

PARTIES PREPARE FOR DIRECT ELECTIONS

Dual mandate is a key Euro-poll issue

BY RUPERT CORNWELL

AN IMMINENT General Election is bad enough. But Britain's two major political parties are now having to devote a small, but significant, part of their energies to those other elections, in under 12 months' time, for the first directly elected European Assembly.

Whether you regard them as the Second European Coming, or as the final destruction of national sovereignty, no one very much doubts that direct elections will now take place. With so busy a timetable ahead, considerations for one election spill over on to the next. A General Election this autumn will be followed by the selection of European candidates early in the New Year, in preparation for the big day next June.

Predictably, it is the Conservatives by whom Europe is still generally seen as a Good Thing, who are furthest ahead with their preparations. Applications started arriving in Smith Square a year ago, and since January, Mr. Marcus Fox, MP for Shipley and vice-chairman in charge of candidates, has been holding preliminary interviews.

The survivors go on to face a full panel, including one member of the Tories' present nominated delegation to Strasbourg. If they clear that hurdle, the prize is a place on the all-important Central Office approved list of potential candidates. This should be completed by November when about 200 names will be circulated to each specially formed Euro-constituency organisation. In theory, a selection committee need not be bound by the list and has the right to choose a favoured local son. Although this is unlikely to happen, party managers are hoping that the list will contain plenty of people with strong regional appeal.

Pressures

The big question, of course, is just whose name is on the list, and, in particular, how many Westminster MPs. Even the voluble Mr. Fox gives nothing away. All we know is that applicants are said to be of a very high calibre and include professional men, industrialists, top civil servants with European experience and ex-ambassadors. It all sounds very much like the existing House of Lords.

Among MPs, silence is golden. But now that Mrs. Thatcher has let it be known she frowns upon the "dual mandate," pressures upon them to show their hands are growing. On June 15, Mr. Fox sent a letter to all Tory MPs asking them to let him know if they were considering standing for Europe. So far, he has had "several" replies. But, like their Labour colleagues, most will prefer to keep their options open until they know their fate in the general election.

Conservative managers concede that a tiny handful of MPs will manage to end up doing both jobs, if they want, whatever the hostile noises from the leader's office and the whips. But it will require what one termed a "phenomenal act of persuasion" to convince a selection committee that an MP can serve at both Strasbourg and Westminster.

Although both major parties are leaning against it, argument still rages over the dual mandate, particularly for the first term of the directly elected assembly when many believe that firm links between national and European Parliaments will be especially important. Without some Euro-MPs, firmly rooted in domestic political life, there is the danger, even pro-Europeans argue, that Strasbourg will lose touch and become the creature of the EEC Commission.

On the Labour side, at least, there is talk of compromise. The Parliamentary party is asking for a special meeting before Transport House makes up its mind, and some Labour MPs are said to have suggested the dual mandate be permitted on two conditions: that an MP formally pledges his first loyalty to Westminster — and that he leaves an undated letter of resignation in the whips' office.

By ensuring that MPs could be summoned home to a key division and by removing the risk of a rash of awkward bye-elections, such a formula would go some way to meeting the central objections to the dual mandate emanating from the respective whips' offices, whose importance should never be underestimated, above all, when they agree.

In the field, though, there will be enormous differences. As we have seen, the Tory effort, in practice, will be in the grip of Central Office. Labour, on the other hand, will leave large discretion to local parties in the choice of candidate. This might well produce a preponderance of anti-market Labour candidates. Not very good for Europe, certainly; but an outcome which might offer Labour its best chance in the Euro-elections.

Even at this early stage, it is the "differential turnout factor" —in other words apathy by anti-EEC Labour voters—which most worries Transport House officials. Mr. Ron Hayward, General Secretary, is on record with the prediction that Labour might be necked-and-neck with the Tories at Westminster, but gain only 15 or 20 of the 81 Euro-seats.

Each new European seat in England, Scotland and Wales is composed of between eight and ten existing seats at Westminster. For the Tories, European selection committees of no more than 30 will consider applicants from the approved list who throw their hats into the ring. But each local Labour party will be able to put forward 20 delegates for every committee and nominate three contenders. Consequently, 200 delegates could be choosing from as many as 30 candidates.

Two vital questions, however, still remain unsettled: the future links between Euro-MPs and the national Parliament, particularly if the dual mandate is rejected and money. On the first issue, Parliament cannot be expected to come up with some formal mechanism, as this would raise more constitutional questions than it answers. Both parties, instead, are likely to make separate arrangements.

Emphasis

Some Tories would like Strasbourg MPs to have automatic access to specialist backbench committees at Westminster. Labour, with its strong anti-EEC element, especially among party workers, talks ominously of "accountability" and Transport House is looking at various possible solutions.

Money, of course, means two things—the celebrated issue of the salaries of Euro-MPs, and the less emotive, but equally important, one of how the parties will finance direct elections, in all likelihood, just eight months after a UK general election.

There is powerful resistance to the £25,000 salary figure reported from Brussels, and an equal emphasis, in both parties, that any such windfall should be taxed at UK rates. Matters are complicated by the sensitive problem of MPs' modest pay at Westminster.

The worry of the party organisations, however, is how to pay for the elections. Labour, naturally, is the most apprehensive, having not only to fight the general election, but also find the money for its new headquarters in south London. What help will emerge from Brussels is not entirely clear. But one set of sums at Transport House suggests it is unlikely to be more than £60,000 to £70,000, compared with a total cost to the party of at least £400,000.

One neat solution is going the rounds, not entirely in jest. Why not make lavishly rewarded Euro-MPs contribute, say one-third of their salary to the party? With 30 MPs, each receiving a total package of perhaps £25,000, the calculation could win the heart of even the most anti-EEC Labour treasurer.

MPs will debate devolution guillotine

By Ivor Owen

DEFIANT TORY peers inflicted more defeats on the Government in the Lords last night, and made further amendments to the Scotland Bill at its third reading stage.

On the other side of the Palace of Westminster, Mr. Michael Foot, Leader of the House, announced that the procedural motion enabling discussion on the Lords' amendments to be curtailed by the guillotine when the Bill returns to the Commons will be debated on Tuesday.

The Government wants to confine the discussion in the Commons on the Lords' amendments—they are expected to number more than 150—to three days with the debates arranged in such a way that MPs have an opportunity to express their views on the main issues which have previously gone undiscussed because of the operation of the guillotine.

The Commons will start to deal with the Lords amendments on Thursday, with a discussion on the proposal by peers that the first election for the Scottish assembly should be conducted on the basis of the additional member system of proportional representation.

The first defeat suffered by the Government in the Lords yesterday—by 119 votes to 76—resulted in the Bill being amended to provide that the proceedings of the Scottish Assembly should enjoy the same status as those in Parliament and have absolute privilege for the purpose of defamation.

This was followed by a 22-vote defeat (105-83) on an amendment Secretaries, based in Edinburgh, to exercise executive powers under the Royal prerogative.

Earlier, during Prime Minister's question time in the Commons, Mr. Dennis Canavan (Lab. West Stirlingshire) attacked the Lords for making so many amendments to the Bill, and described the peers responsible as a "crowd of political vandals and hooligans."

Mr. Calaghan re-affirmed that the Government intended to ensure, as far as it could, that the Scotland Bill was on the Statute Book by the end of the current session. He agreed that the Lords had behaved "irresponsibly" on a number of matters.

"I look to the House of Commons to put it right," he said, amid Government cheers.

The Property Market

JOHN BRENNAN

Bilton breaks his silence

Mr. Percy Bilton—breaking an eighteen-month silence.

RCY BILTON, chairman of cy Bilton Limited, the £60.2m ustrial property group he nded fifty years ago, has ken his eighteen month nce over the sudden depar- e in 1976 of the group's ner deputy chairman and naging director, Bryn Turner- nuels.

peaking at last week's Annual neral Meeting, Mr. Bilton re- led that Mr. Turner-Samuels I not in fact "retired" from £15,000 a year job. He was d.

Iaving referred to the call for full airing of the Turner- nuels affair in this column t week, Mr. Bilton told share- ders that he lived by the nciple that, "if you cannot say thing good about anyone, i't say anything at all." But explained that, "I have tried :d to do this with Samuels, but appears that sleeping dogs ed arousing at times. So I'll nore those principles which luenced me eighteen months o, and give you the bare ith."

Mr. Bilton's "bare truth" at t provides some explanation the disturbingly enigmatic nments carried in the com- ny's accounts since Mr. Turner- nuels departure in December 76.

In its 1976 accounts the group erred to reductions in housing ision profits caused by, "certain management weaknesses and a lack of control . . ." And Bilton recently reported that it needed to make a £600,000 after tax provision against pre-1976 housing contracts, a provision necessary, "In the light of additional facts which have gradually emerged since the retirement of the former manag- ing director in December 1976."

Mr. Bilton told shareholders, "Towards the end of 1976, Samuels was altering and extend- ing his home in Bishops Avenue. It happened during the period of '76 and ultimately cost £100,000 for alterations and additions. Certain irregularities and wrong allocations were reported to me in November 1976. I directed an investigation and this is a quota- tion from the initial report.

"'I am now quite satisfied in my own mind that TS [Turner-Samuels] has been lying to me, time and time again. There was also an elaborate cover-up plan in December, not only to hoodwink the auditors but the Board of Directors and anyone interested in the costs.'"

Mr. Bilton continued. "I took action. I consequently fired Mr. Samuels. He asked could he use the word 'retire.' My Christian beliefs made me do so. When I got into the saddle again, in depth, I came across extravagant costs on the Public Housing Con- tracts. I became aware of very definite falsifications in the monthly report of profit shown against Housing Contracts, whereas losses had been incurred. Not profits, losses. But it was submitted to the Board as profits, for five continuous months. During five months such spurious figures had been shown and submitted to the Board.

"Had I not fired Samuels in December, 1976, I would cer- tainly have fired him for gross neglect and irresponsibility in April, 1977.

"Latterly, or during the last five months, there has been snip- ing at your company in some of the cheap media about manage- ment problems since his depar- ture. So let me say in unequi- vocal language, the only manage- ment weakness was when he [Mr. Turner-Samuels] was the chief executive."

Mr. Turner-Samuels, who moved to the South of France after leaving the group and sub- sequently selling his 1.27m shares in Bilton for around £1.5m, visiting London at the moment. He takes a different view of the affair. In a state- ment prepared after consulta- tion with his solicitors Mr. Turner-Samuels says:

In answer to the points put by Mr. Bilton. "1—Months before the 'investigation' to which Mr. Bilton refers, the Company's auditors had pointed out certain discrepancies in the accounts concerning work done at my house. I directed that any mistakes be rectified immedi- ately, and after this had been done I did of course pay in full for all work.

"2—I do not know of any falsi- fication in the monthly reports of profit shown against housing contracts. The cost computations were the sole responsibility of the accounts department, and Mr. Bilton together with myself and all Executive Directors received exactly the same information. I did not—and indeed could not—falsify any figures.

"3—Mr. Bilton did not 'sack' me. As various people knew, my decision to retire was taken some months prior to the announcement, and was based upon two factors. First, for family health reasons, but secondly because I was unable to accept a then-proposed sugges- tion (now fact) that the Company should effectively relinquish control to the Bilton family via the Jersey-based family trust, without a satisfactory non-family representation of the Bilton Board among the Trustees.

"4—I left the Company in an extremely healthy position, hav- ing built it up over a period of 16 years, certainly to my own benefit but more to the immense benefit of shareholders and especially the Bilton family."

In Brief . . .

A POTENTIALLY important precedent in the housing market passed virtually unnoticed this week. The Housing Corporation, acting through the Housing Corporation Finance Company (HCFC), has agreed to lend £1.9m bridging finance for the 156 tenants of the Lichfield Court flat block in Richmond, London.

There have been numerous attempts to form tenants' associa- tions to buy out block freeholds, particularly during the break-up of William Stern's residential empire. But, on the few occasions tenants managed to form effec- tive associations, the problem of finding a friendly source of bridging finance has been a major stumbling block. Now the Housing Corporation, with the backing of the Housing Minister, Reg Freeson, hopes to resolve financing problems and encourage other tenants to organise their own internal "break-up" opera- tion.

At Richmond the tenants plan to buy out the freehold and exist- ing leasehold interests in the block, assign long leases to the tenants and sell off the 50 vacant units. The "break-up" is ex- pected to be completed in six months, when the HCGC loan will be repaid.

Lichfield tenants' association chairman, Mr. J. Cunningham, feels that "collective action by tenants appears to be the only way to prevent large blocks of flats of this type steadily de- teriorating until they become uninhabitable."

The commercial flat-breaking companies now flourishing would hardly agree with him. But the HCFC move suggests that the private groups will face increas- ing competition in future.

●

ANOTHER "weight of money" argument in favour of a strong property investment market is carried in this month's sector review by stockbrokers de Zoete and Bevan. De Zoete believes that the net inflow of funds to the institutions could top £7bn this year, and that property in- vestment is likely to absorb around £1.2bn of that total.

The broker estimates that as de-gearing programmes are com- pleted, the supply of property from property companies will fall from last year's £400m to less than £200m, increasing the im- balance of demand over supply for investment property.

●

BRITISH LAND is the latest beneficiary of the Post Office's appetite for City office space. The Post Office, advised by the Property Services Agency, is to take the whole of the group's 29,000 sq ft new development at 120 Aldersgate Street, EC1, at a rent of just over £10 a sq ft.

The development, on a former bomb site acquired when British Land bought the adjoining Steinberg House four years ago, combines a City-fringe postal address and, by a matter of feet, the lower rates of Islington. The Post Office stepped in before letting agents Conrad Ritblat had realy started its marketing campaign. But rent negotiations have involved some concessions from the initial £310,000 a year asking rent, and the Post Office will have a short rent free period in lieu of partial fitting out costs.

One aspect of the letting seems to have caused the Post Office some embarrassment. The block boasts a rather fine swimming pool, and in British Land's first report of the letting deal the group naturally made a point of this indoor, fully tiled, heated pool. A revision by the Post Office turns the emphasis away from opulence to the more pragmatic and, for a British building most unusual fact that the pool forms an independent supply for the building's sprinkler system.

There is renewed interest in smaller office suites on the fringes of the West End to judge by Haslemere Estates' letting of its 10,000 sq ft refurbishment on the Cromwell Road by the West London Air Terminal.

Anthony Lipton, acting for Haslemere, was asking £5.50 a sq ft for the building. But it managed to get an average £5.90 a sq ft in three separate lettings, to R. G. Hunter and Partners, represented by John D. Wood, The Simplex Time Recorder Company (UK), advised by Chancellors, and Dezvale Limited.

●

Property Deals appears on Page 16

INDUSTRIAL AND BUSINESS PROPERTY

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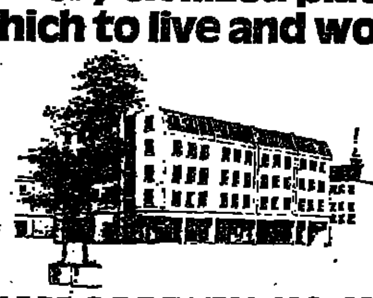

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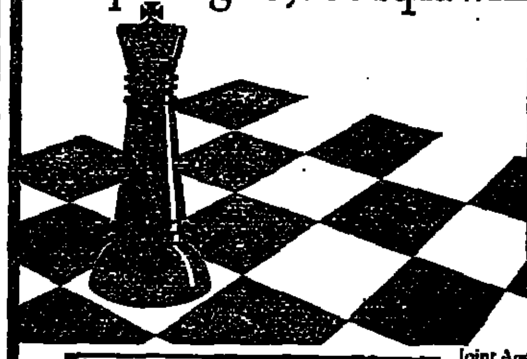

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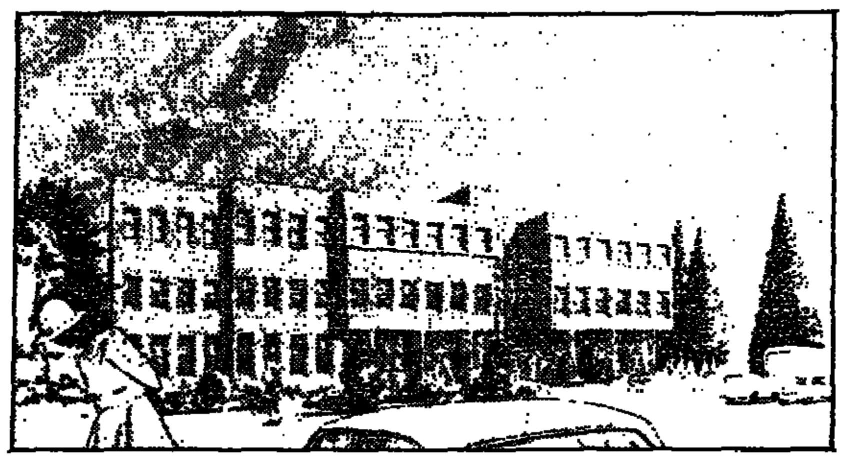

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PROPERTY DEALS

Dutch group wins in Aberdeen

LY FOUR years after setting a North Sea Oil construction vision in Scotland, the Dutch ntrolled Bredero group has n the contract for the £25-£30m erdeen centre redevelopment. Bredero has won the Aberdeen ty Council's backing in open mpetition against such velopers as French Kier, ylor Woodrow, Samuel Proprties, Trafalgar House, Sears ldings, Bovis and Norwich nion. Detailed plans will be bmitted in the next few onths. And if site assembly on e first phase of the scheme can completed by the turn of the ar, the first shops and offices ll be open by 1981. The cond stage will take a further o years to complete.

Bredero's plan means that it ll pay for land acquisition, ilding demolition and site clearance. All this acquired land will be passed to the Aberdeen City Council, which will make contributions to the developer equivalent to the loan charges on the cost of land acquisition until the scheme's completion. When the development is completed, the Council will grant Bredero a long-term ground lease and in return will receive a share of the scheme's rents growth proportionate to its share of the total development costs.

Bredero may arrange finance for the development in the UK. But the BVG division of its parent company, the Amsterdam quoted Verenigde Bedrijven Bredero NV, specialises in provision of development finance, and so the scheme could be funded internally.

On top of the Aberdeen development Bredero has won its way into the final list of tendering developers for the £15-20m office and shop project in the centre of Epsom, Surrey. The Dutch group is now alongside John Laing, Taylor Woodrow and the Post Office's pension fund pitching for the 230,000 sq ft shop and office scheme.

Midland Bank's International Department has found a new home in the City. In a two-stage deal the bank has sold its four-and-a-half year leasehold interest in 22,000 sq ft of P & O's Beaufort House block to insurance brokers Sedgwick Forbes, and has taken a lease on the 16,000 sq ft 6-7 Fenchurch Street building, above.

The recently refurbished block, part of Land Securities' City of London Real Property Corporation's portfolio, was let by City Agents for around £10.50 a sq ft on a standard 25-year, five-yearly review lease. City Agents also introduced Sedgwick Forbes to Midland's agents J. Trevor and Sons on the Beaufort deal. But Jones Lang Wootton acted for Sedgwick in the lease negotiations.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● DATA PROCESSING

New support for City operations

LONDON office of Gamma Associates, DEC oriented bureau, systems and software house, has launched a new financial systems division aimed specifically at City financial institutions.

The company has expertise in the financial sector and recent successes include the installation of complete DEC-based dealing systems for two discount houses, Smith St. Aubyn and Clive Discount.

Initially the new financial systems division will concentrate on further development of Gamma's packages with the accent on banking and finances, as well as on developing complete *in-house* banking and insurance systems.

It will handle problems where systems are required in branch environments for users who *often lack any computing expertise.*

Gamma has reached a point where it is probably the largest commercial and financial outlet for DEC machines.

The picture could change, however, due to an agreement reached with IBM under which Gamma will sell the latter's own mini, known as Series 1 and recently given a number of major enhancements.

Together with this agreement, concerning which there is a considerable amount of speculation as to pricing in OEM quarters, goes an arrangement under which Gamma will market an operating system for Series 1—COS 1. This has the ability to support the commercial language COBOL.

A first Series 1 is going in at Nottingham for training and demonstration later this year.

Gamma is at Compass House, *the Ropewalk, Nottingham* NG1 5DQ. 0734 789777. The City office is at 01-628 5422.

● SAFETY & SECURITY

Fighting fire at home

HISTORY SHOWS that 10 times more fires in the home occur during the night than in the daytime and, because people are sleeping the fires are often well advanced before discovery. A company which for the last 67 years has specialised in fire protection in industry and the shipping world, has now introduced a range of products for this market.

A smoke detecting device, called the Firecall Smoke Alarm, *is designed to emit immediate* warning of a fire, and it emits a penetrating sound impossible to ignore. It is wall mounted, looks like an inverted saucer and is fitted with a battery said to have a minimum life of 12 months. A tiny red eye in the centre of the unit is ignited every few seconds to show that the device is operative, and when the battery is in its last week of life the unit indicates this by sounding a warning bleep.

Three dry powder extinguishers for the home, caravan or boat are also available in 1, 1½ and 2 kilo models. Hand-held and capable of being recharged, they can easily be carried to the scene of fire.

Suggested as a quick antidote to small fires, particularly those arising from overheated fats or oils on the kitchen stove, is a fibreglass fire blanket which comes in a case which can be screwed or nailed to the kitchen wall. This can be thrown over a burning object and immediately isolates oxygen from the source of fire. It is sufficiently large to wrap round a small child who may have set fire to himself and, if not excessively damaged, the blanket can be reused.

Further from L. and G. Fire Appliance Company, 235, Romford Road, Forest Gate, London E7 9HL (01-555 1311).

Withstands high pressure

SUGGESTED FOR use on pig traps, water filters and all types pressure vessels in a new range of ultra high-pressure *closures from General Descaling* Company, Retford Road, Worksop, Notts S80 2PY (Worksop 3211).

Constructed in weldable and high-tensile steels, the range, called Multi-Lock, has been developed to cope with pressure ratings up to and beyond Class 2500 in pipe diameters from 8 inch to 80 inch. The company says that the adaptability of the basic closure design provides unlimited potential for high intrinsic loading at any diameter.

It owes its name to a sprung *ring-locking system using multi-*surface engagement to confer progressive and efficient transfer of load. The closure is locked and unlocked by expanding and contracting this ring which is *loaded uniformly over its entire* periphery. The massive door and outer body are non-rotating and operation is quick and effortless—an 18 inch diameter Class 2500 door which can withstand 1,000 tonnes can be manually opened or closed in less than three minutes.

The door opens on a two-stage cycle and has a positive relocking feature. To ensure safety, the action is monitored by dual bleed plugs which inhibit opening until the internal space is vented to atmosphere. The drop can be manually opened or, on *the larger diameters, by optional* power assistance.

Movement sounds alarm

AN OUTDOOR microwave radar sensor, TDM 1040, forms the basis of a system from Lawrence Electronics (Yorkshire) that will serve either as an intruder detector or as a courtesy device able to switch on floodlights when a vehicle or pedestrian approaches a pre-selected area.

At maximum sensitivity the detection range for a moving human target is about 100 ft, approaching or receding. In fact, because of the Doppler radar's ability to sense the actual direction of movement, it can *discriminate between movements* of a progressive nature, away *from or towards the detector*, and the non-progressive movements of, say, a fencing board swinging in the wind. It can, if required, be programmed to ignore movement in one direction or the other.

Main components of the system are the microwave sensor, a control and power supply unit, a daylight sensor which prevents lamps being switched on during the day, a 300-watt floodlamp and a chime unit. A siren can be energised if needed.

Approved by the Home Office, the system radiates only 10 mW at about 10.5 GHz. More on 0274 25388.

Safe in hazardous areas

INTENDED FOR export to Kuwait where Kellog International Corporation is the main contractor for a gas processing plant in Shuaiba, is a 4 tonnes capacity double barrel winch equipped with a specially protected diesel engine. It is being supplied to Balfour Beatty Power Construction by Sykes Pumps.

The Perkins engine driving the winch has Pyroban's protective equipment which includes inlet and exhaust flame traps, water cooled exhaust manifold, spark arrester and exhaust gas heat exchanger. In addition, an induction air shut down valve operated by inert gas pressure prevents the engine running on flammable material after the fuel has been shut off, while a hydraulic starting system avoids the need for conventional battery, motor and electrical wiring.

In the event of hazards arising through the presence of a flammable material within the area, the safety system can be operated resulting in an immediate engine shutdown, any temporary heat gains caused by the hazardous condition being easily contained within the water jacketed exhaust manifold and aftercooler.

Sykes Pumps, Woolwich Road, Charlton, London, SE7 7AP (01-858 8121).

Risk of a flashback lessened

SHELL UK Exploration and Production is to protect production equipment on platforms located in the Leman natural gas *field in the southern North Sea* with 12 in-line flame arresters supplied by Amal of Birmingham, an IMI company.

The flame arresters will be fitted to the vents from bearings on gas compressors powered by Rolls-Royce Avon gas turbines and should a bearing seal fail to perform, gas will be vented and flared-off at the top of the gas turbine exhaust stack. The use of the arresters will minimise the possibility of a flashback and of flames reaching the gas compressor.

The compressor sets *maintain* the pressure of natural gas to the shore processing terminal at Bacton, Norfolk, for distribution throughout the UK by the British Gas Corporation network.

More from IMI, PO Box 216, Birmingham B6 7BA (021-356 4848).

● QUALITY CONTROL

Oil engine approval in Italy

THE GRANDI MOTORI Trieste works are the first to be approved in Italy for the production of marine oil engines, under the *Lloyd's Register Batch and Line* Production Scheme. The approval applies to two high-speed four-stroke engine models, types 230 and 210.

Application of the scheme means that instead of each engine having to be inspected individually when a Lloyd's Register Certificate *is required*, all engines produced (together with their spare parts) will be eligible for a Lloyd's Register Certificate after final inspection, *and running tests* at the works have been witnessed by Lloyd's Register's surveyors.

● MATERIALS

Insulated cladding material

INSULATED cladding panels for roofs and walls have been available for some time, but Briggs Amasco *reckons it can* now offer a much better product than has hitherto been available.

This cladding material is manufactured by Perfil en Frio SA of Pamplona, Spain, and is to be sold in the UK by Briggs Amasco under the brand name Colorclad Perfrisa. In consists of an outer sheet of galvanised steel (which is *available* in three different colours), a central core of polyurethane foam and a lightly ribbed steel tray with a galvanised or painted finish. The steel sheet is supplied to the Spanish firm by the British Steel Corporation.

The panels are butt-jointed to form the roof or wall cladding system, the joints being covered by matching capping pieces which provide a weather-tight joint and conceal the fixings. Fixing is by means of self-tapping screws and the panels are fastened to each other by galvanised steel plates.

Briggs Amasco says that for an average size commercial building the cladding would cost between £13.50 and £14 per square metre. Under *present* arrangements, Briggs Amasco is bringing the material into this country by road from Spain and it will both deliver to site and instal. The company is already marketing the panels in Saudi Arabia and plans to extend the service to other Middle East countries.

Full details of the cladding *can be* obtained from the company at Goodwyns Place, Tower Hill Road, Dorking, Surrey, RH4 2AW (0306 5933). Briggs Amasco is a member of the Tarmac *Group's building* products division.

● HANDLING

Wraps to any shape

BORDEN Thermoplastics is introducing the Stevenson "Wrapping Robot" as part of its Palletwrap System whereby the company *supplies both the stretch* wrapping machine and its PS 26 Palletwrap film.

The robot is an automated, self-contained, mobile pallet stretch-wrapper which is programmed to apply the correct amount of pre-tensioned film in spiral fashion and does so by propelling itself around a stationary pallet, halting when the programme is completed. Its tracking capability enables it to wrap any shape of pallet, however irregular.

It will carry out all pallet wrapping operations, and being fully portable is particularly suitable where it is necessary or desirable for wrapping to be carried out at more than one point. It functions on any reasonably flat surface, both indoors and outdoors, and in high heat or refrigerated areas, taking rather less than two minutes to wrap an average size pallet load.

Borden Thermoplastics, Resinite, Colley Lane Estate, Bridgwater, Somerset.

● BANKING

Swift takes its chance

SWIFT THE international electronic funds transfer organisation, now serving some 500 banks worldwide, has formally accepted equipment and software provided by the General *Automation* Company as a means of access for a bank to the funds transfer network now linking 17 countries.

This step means that Swift now accepts full responsibility for the GA equipment and highly complex software that has had to be written in order to ensure that information fed through is accurate and secure.

For General Automation which has had unsatisfactory results for two years, the acceptance is of crucial importance, particularly as it has equipped 186 of the 500 banks now members of Swift. It *has had to put in a tremendous* effort with far smaller resources than the two other companies (Burroughs and ICL) recognised as official vendors of the key equipment for access to Swift, known under the code name SID.

It has succeeded in satisfying Swift at the same time as improving its trading position to the extent that in the current financial year turnover will be $100m with profits of $6m. This includes a UK turnover of $3½m with a profit of $½m against a loss of the same magnitude last year.

More banks are joining the Swift network and GA is actively marketing to them. Main competition in Europe is expected to be from IBM, although that company is not a certified vendor. This means if a bank decides to use IBM equipment as the key Swift will not take responsibility for the transactions.

● COMPUTING

Teaming up to handle big jobs

FOLLOWING in the wake of the Hypercube machine announced in the U.S. some time ago, Scicon—through its new Micro Systems team—and the National *Physical Laboratory are to build* over the next year a multiprocessor machine called Demos.

Funds are being made available under the government's Advanced Computer Technology Project and the development should have an immediate commercial application to such areas as real-time control, transaction processing and communications.

Aim is link micros or minis by a high-capacity communications ring able to channel 8m words/second and to support as many as 250 processors.

Like ICL's array processor, Demos will be particularly suitable for working on problems where large numbers of activities take place in parallel. For instance, it will be possible to *divide large databases on a disc* per computer system which will make information access particular fast and efficient.

Scientific Control Systems, Sanderson House, 49 Berners Street, London W1P 4AQ. 01-580 5599.

Honeywell boost to small units

MOVES TO *lift* performance ceilings of Honeywell small system Level 62 computers by *an average of 50 per cent* have been disclosed by the company.

The increase in power comes from a re-specified processor that speeds throughput; and ffrom an extension to the number of devices that can be operated. Processor prices remain the same with the result that the computer's price/performance ratio is much *improved*.

Level 62 maximum memory, previously 256K bytes, has been extended to 512K bytes which, Honeywell believes, is the maximum the market will require. The doubling has been achieved through the introduction of 16K memory chips as compared with 4K chips.

A new family of disc storage *units called LSMD* (or large storage module drives) manufactured by Magnetic Peripherals Inc, the company formed by Honeywell in association with CDC; extends available drives from 40 to 200 Megabytes. A maximum storage capacity of 1,200 megabytes can be achieved by linking six of the largest capacity drives.

A new transaction processing system, TPS, is also announced, supplementing the existing range of Level 62 communications software packages. The new system was designed and written by Honeywell Informataion Systems Italia for easy programming and simple installation and use.

More on 01-568 9191.

Inexpensive micro cards

BELGIAN company Vector International is offering a single card microcomputer for $220 in quantity, whatever the number supplied the customer gets complete schematic and service documentation including signatures for the Hewlett Packard signature analyser.

Initially the user is provided with a wire-wrap version of the card which he can easily modify to suit his own needs. A 72 sq cm *pre-drilled wire wrap area accepts* analogue to digital converters, maths chips, controller chips or other interface modules. Once the customer has tested his design, Vector undertakes serial production.

Basic card has 8k bytes of electrically programmable read-only memory, parallel and opto-isolated input-output, programmable memory mapper, a five volt supply and unified bus interface.

Available is an expansion card with 8k of EPROM and 8k of static random access memory, a 1k CMOS memory card, and a Minifloppy control card.

More from the company at B-3004 Haasrode, Research Park, Belgium.

● PROCESSING

Alternative to vibration

FOLLOWING prolonged development Sturtevant Engineering Products has devised and is marketing an alternative to established vibrating screen equipment.

This is based on the SEP range of mechanical air separators and *efficiently and cleanly classifies* materials which previously have required vibrating screens with a cut of between 30 and 300 mesh per inch.

It offers cut point variation—within given parameters—by simple adjustment which can be made even with the equipment running and regardless of the throughput, constant efficiency *with respect to the extraction of* fines or oversize.

As much as a 75 per cent reduction in the floor area required for an installation to handle given particle sizes is claimed by the company which operates from Acre Street, Denton, Manchester. Tel. 061 336 3965.

هكذا من الأصل

The Management Page

EDITED BY CHRISTOPHER LORENZ

Squaring up to the giants of the U.S. contracting world

WITHIN Davy International, the London-based engineering and construction group, Kaiser Engineers will long be remembered as the one that got away.

Davy badly wanted to acquire Kaiser, a division of the big American Kaiser Industries Corporation, in order to extend its U.S. presence and to broaden its range of engineering interests, in particular in the mining and metals businesses. Kaiser, based in San Francisco, California, and employing some 2,000 people, fitted the bill.

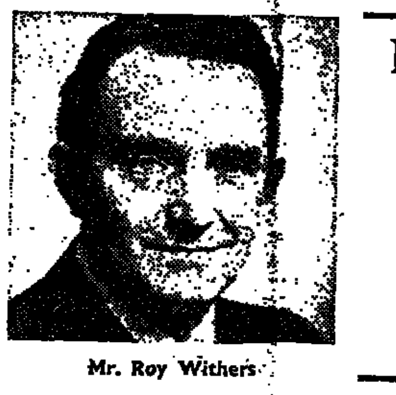
Amid strong competition Davy bid some $32m for Kaiser, many times more than it had ever paid for a U.S. company. But it was pipped at the post. Some 14 months ago Kaiser was acquired by another American engineering group, Raymond International.

Mr. Roy Withers, Davy International's managing director, makes no secret of the fact that he was "more disappointed than most" at missing out on the Kaiser opportunity. Overnight it would have transformed Davy's U.S. operations where currently 1,400 people are employed. Indeed, Mr. Withers must have felt that salt was being rubbed into his wound when a few months ago Raymond reported record earnings for 1977 with Kaiser contributing 50 cents a share, about 25 per cent more than forecast.

Undaunted, Davy continues its hunt for U.S. acquisitions. "We wish to have a substantially stronger presence there — at least two or three times our present size," said Mr. Withers. That seems a tall order but Davy — unlike other UK process plant contractors — has already managed to take on the giants of the contracting world such as Bechtel, Fluer and Kellogg on their U.S. home base, largely through acquisitions on a relatively modest scale.

"We aimed for first division status and we have got there, although we are not as high up the league as we would wish," commented Mr. Withers. Davy Powergas, the Florida-based U.S. subsidiary of Davy International, reached 25th position in the league of American contractors last year, according to the weekly Engineering News Record. In 1976 it was ranked 39th.

Davy's decision to challenge



Mr. Roy Withers

the U.S. market goes back to the beginning of the 1970s when it was rising from the ashes of near-disaster. "The company had run out of money and profit at the same time; it was poorly structured and contained activities that were irrelevant to the mainstream of the business," was one description of the old problems. This was not journalese, however. It was the report of the then-named Davy-Ashore company in a 1973 letter to shareholders advising them to reject a bid by Simon Engineering. "Left free to press forward, Davy will become one of the world's great engineering and contracting companies," the letter proclaimed. The Simon bid failed.

West Germany and the U.S. were chosen as the twin launching points for international expansion. "Our market is a world affair. The possibility of serving that market from a single home base would be too restrictive," said Mr. Withers. "Even now, in these times of recession, orders are being placed in the U.S. It is a big market on its own but people there are not about to order work to be done by people who live 5,000 miles away."

Ray Dafter describes how Davy International has established a strong presence in America, but is still hunting for a major new acquisition to strengthen its base there

Davy Powergas designs and constructs process plant units, mainly for the energy and chemical industries. Individual projects handled by the company have grown 10-fold over the past seven years or so: the biggest is now well over £110m. It is estimated that the U.S. subsidiary is now involved in projects worth a total of around £400m. This must be seen in the light of well over £2bn worth of contracts being handled by Davy International last year. Not that this is a wholly accurate yardstick of Davy's success. Its true turnover in 1977 was £329m of which £249m came from engineering and construction. Non-UK companies contributed £5.9m of the £13.1m engineering and construction profit last year.

The amount that Davy Powergas contributes to group funds is not published but Mr. Withers said he would expect the U.S. subsidiary to provide at least half the profit raised from outside of the UK.

The hub of these operations is small by almost any standard: just 35 staff in the London headquarters. "We are almost decentralised. We have a policy of letting the decisions be taken where it matters. We call it a Commonwealth style of management with each company being profit accountable and the chief executives and marketing people being encouraged to hold regular meetings among themselves."

This is highlighted by the way in which complex local labour, tax and health and safety regulations—while appreciated by the parent management — are handled almost entirely by the local subsidiaries. In Davy Powergas it is noticeable that many of the senior executives are seasoned U.S. contractors, often reared in the bigger groups.

In Lakeland, Florida, the headquarters of Davy Powergas, Mr. Gerry Stevenson, vice-president of marketing, said there were many companies there that viewed Davy as an American group. On the face of it this might seem to be an advantage in a country which has a reputation for favouring its own suppliers with orders. Mr. Stevenson said that companies ordering expensive processing units were more interested in proven technology and tight construction schedules, however. When it comes to choosing a contractor, cost is not always of paramount importance.

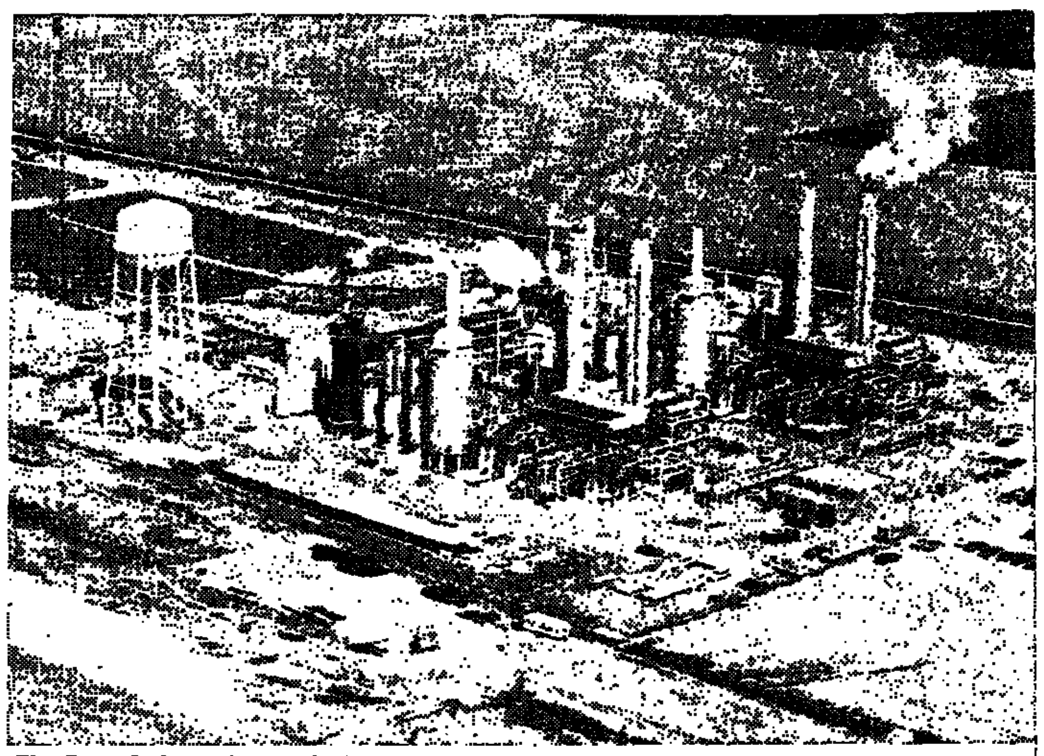
It is reckoned that for every £100m earmarked for a construction project, a maximum of £10m is spent on software. A 10 per cent increase in a contractor's fee would add only £1m to the overall cost of the project, but it might make all the difference between the best or a second rate job.

Not that U.S. customers are totally disinterested in Davy's parentage. Several times Mr. Withers has had to fly to the U.S. merely to provide potential customers with assurances about the Davy group. "They want to see a big base. They need to know you are running on sensible lines and on a solid foundation."

With this in mind the Davy group has been strengthening its balance sheet. Its asset base has been increased from £30m to over £80m in the past three years through UK acquisitions like Head Wrightson at the end of 1976 and Herbert Morris last year.

In the absence of a Kaiser agreement, Davy's U.S. purchases have been on a much more modest scale. They started in 1971 when they took over Wellman Lord, a company which had concentrated on phosphate processing, but which, for the first time, gave Davy the opportunity to expand from within the U.S. It is significant that Davy has won 38 out of the last 43 phosphoric acid plan contracts awarded in the U.S. and the Davy/Wellman-Lord sulphur recovery process now has 28 units operating commercially in the U.S. and Japan.

Davy has managed to obtain a toe-hold on the U.S. West Coast through the acquisition in April of Hallanger Engineers Inc. of California. This private consultancy company which provides engineering and construction services cost Davy just £1.1m., payable over two years. Less than half that amount was paid four years ago for the small Olsen Engineering company.



The Green Springs, Ohio, synthetic gas plant of Columbia Gas, built by Davy Powergas, using British Gas Corporation technology. It is the biggest plant of its type yet built.

The smallness of the sums is a reminder that contractors are founded on people and their expertise rather than capital assets. "We are after people companies. If they do not wish to be acquired there is no question of us taking them over. After all, unwilling people can vote with their feet," said Mr. Withers.

Olsen, like Hallanger, did extend Davy's range of technologies and geographic spread. Based in Houston, Texas—an important centre of the U.S. petrochemical and refinery industries, Olsen specialises in gas treatment processes.

But Olsen is important to Davy for another, perhaps even more important reason. The company gave Davy an entree into the "open shop" method of labour employment. Most contractors are subject to agreements with construction trade unions; when they build a plant they employ workers provided from the union pool. Davy International, which currently has 2,500 construction workers in the field quite apart from its full-time staff, is one such unionised contractor.

Olsen, on the other hand, is based in a "right to work" area where contractors need not take workers from a union pool. They are free to employ whom they like although in practice many of their construction employees are union members. The importance of Olsen to Davy is that the company does provide an option if a customer—a chemical or oil company, for instance—wants a plant to be built outside the union-controlled system.

"You have to be in the U.S. for years before you can really understand our labour system," said Mr. Donald Gagnon, Davy Powergas's vice-president for construction. To prove the point, he was instrumental in negotiating a unique labour agreement designed to "ensure labour peace, stabilise wages and promote productivity" in Occidental's $200m chemicals expansion programme in North Florida.

Agreement

The agreement, signed with the North East Florida Building and Construction Trades Council, covers the employment of up to 1,400 site workers. The document contains an unqualified ban against strikes and lock-outs "for any reason." A special grievances and arbitration procedure ensures that a hearing is conducted within 24 hours of a work stoppage. A special arbitrator can issue a back-to-work order which is enforceable by a court.

On the wages front the deal means that rates of pay negotiated for each union involved in the project will be paid not only for the life of the local agreement but also for a further year, in effect, a one year moratorium on wage increases. At the conclusion of this period wages will be adjusted to a cost-of-living formula, up to a maximum increase of 9 per cent.

In order to reduce the travel of construction workers, Davy and the unions have agreed to operate shifts of four, ten-hour days instead of the usual five eight-hour days. Furthermore, if construction work is interrupted by bad weather or other reasons for four or more hours a week the men have agreed to make up the lost time. The "make-up" day pay will be at the normal rate except when the labour force is asked to work more than a 40-hour week when it will be paid time and a half.

Commented Mr. Gagnon: "The agreement will asure substantial cost savings to the client. Among the major cost savers will be the make-up days, no travel or subsistence payments, use of apprentices and trainees up to a third of the number in each craft, show-up time of only one hour, a centralised toolroom, and overtime premiums of not more than time and a half except for Sundays and holidays."

It is hard to believe that such an agreement could be reached with a labour force on a UK contract site. It is even harder to comprehend a British-based company getting to grips fully with such American labour deals without working from within the U.S.

Industry challenged to open its doors to top design students

COMPANIES ALL over Britain, and in a wide range of industrial sectors, have just been presented with a new design challenge: open your doors to a prize-winning student, and take him or her on "attachment" for several months.

The request has come from the Royal Society of Arts, whose annual Design Bursaries Competition this year included attachment schemes for the first time. These have been an immediate success, according to the RSA, not only in the eyes of teachers and their students, but also for the companies which agreed to sponsor prize-winners and take them on attachment, showing them how their design process operates in practice, "from original idea to production, marketing and retailing."

Seven of this year's student winners are spending time with their sponsors—companies as diverse as Bally Shoes, the John Lewis Partnership, Olivetti and Philips Industries. The 1978-79 competition, for which the RSA is now soliciting sponsors, could include up to twice as many such attachments, with further increases in future; the Society says several companies have recently approached them on their own initiative.

The obvious benefit of the scheme is that it bridges the infamous "industry-education gap" in an area, design, where many companies are particularly critical of the lack of good job applicants.

At the same time, designers consistently complain that industry under-rates their profession: many a product in British industry bears out this allegation.

The RSA expects to raise at least 15 per cent more sponsorship money for this year's competition than the £33,000 it attracted in 1977-78, itself more than double the figure of three years before.

Alongside the introduction of industry attachments, the Society has initiated another improvement to the competition by establishing more engineering categories. It had traditionally focused mainly on craft-based consumer products, but in 1977-1978 there were three engineering categories—hospital equipment, office products and domestic audio-visual equipment (and the RSA says it wants more) though this declaration of intent is oddly absent from the promotional brochure.

The Society clearly has some way to go before it can claim that its competition will do much to improve the design performance of British engineering—one of the main reasons for our poor trade performance. Only a small fraction of last year's 1,500 contestants entered for the three engineering categories.

Christopher Lorenz

LOMBARD

Public default, public profit

BY ANTHONY HARRIS

THE BANK of England is much the most effective agent of creeping socialism in this country, and has helped to achieve a vast take-over of real assets for both Conservative and Labour Government in the last decade; and some of the nationalised industries have in real terms achieved startling profits in this period. Indeed, even the apparent loss-makers may well have been breaking even or better in real terms. These are some of the odd, but I believe real conclusions which emerge from a study of the State balance-sheet by Rowe Rudd, the stockbrokers.

The fact to which Rowe Rudd draws attention is obvious, when you come to think of it. Inflation, as everyone knows, is a form of default, because borrowers do not give back the real value they borrow: and the State, as by far the biggest borrowers, is the biggest defaulter. What people tend to forget, especially since we abolished the distinction between current spending above the line and investment below the line in the budget, is what the State is borrowing for. It is entirely to finance investment.

So the State borrows depreciating money and buys real assets. The result, as can be seen in the table, is that while the State had virtually no net assets in 1966, before rapid inflation and negative returns set in, it now has a positive balance-sheet value of perhaps £130bn (Rowe Rudd's "roughly believable estimate"). All this, according to Rowe Rudd, is due to the fraud on lenders; they conclude that the State should be forced to offer real value by issuing indexed bonds, and argue that had this been done we would not have seen an unplanned State takeover of nearly a quarter of the real assets in the country. Well, yes and no. It is a sound argument—with my known prejudices, I think it is superbly sound—but things are not as simple as that.

The best way to see this is to look a little further at what actually happened between 1966 and 1975. The State acquired real assets worth £83bn at 1975 values over this period. To finance this investment, it borrowed £24bn at nominal values (and the national debt rose by £20bn at market values), leaving a surplus of £55bn over nominal debt or £63bn over market values.

Now suppose Tony Rudd, an enthusiast for indexation, had been in charge at the Bank of England for the last decade instead of the entrenched opponents who actually run the thing. The answers are not quite what Mr. Rudd might suppose. Even if the whole of the public sector's sterling debt had been indexed from 1966 onwards—and that includes local authority deposits, Treasury bills, War Loan and the lot—and had furthermore paid holders 2 per cent on top of inflation compensation, the public sector's debt at nominal value would only have reached £92bn by 1975 (the sums cannot be done accurately for this year), leaving a balance-sheet surplus of £24bn. On the likelier working assumption that only new long debt was indexed, the rise in debt would have been halved to about £15bn—only a quarter of the net rise in the balance-sheet of the public sector.

At most, then, not much more than half the transfer of resources to the public sector was financed by the real losses of holders of Government debt—Mr. Rudd has perhaps forgotten that holders did receive partial protection through high interest rates. The rest, perforce, was provided by taxpayers and customers of the public corporations. *The idea that the State and its industries piled up a surplus of £24-39bn in the decade to 1975—and have piled up more since—in spite of apparent deficits is a novel one.* It arises from the fact that the Government has had a consistent surplus over current spending (the old meaning of a balanced budget) and the fact that inflation accounting transforms the picture for nationalised industries. But for explanations and implications, you will have, as *they say, to watch this space.*

NET WORTH OF THE PUBLIC SECTOR (£bn)

	1963	1966	1969	1972	1975	1978*
(1)	*35.8*	*37.3*	*42.0*	*47.8*	*61.2*	*91.5*
(2)	3.5	4.6	6.2	4.3	8.7	4.0
(3)	32.3	32.7	35.8	43.5	52.5	87.5
(4)	26.0	33.1	44.0	61.7	115.9	217.5
(5)	(6.3)	0.4	8.2	18.2	63.4	130.0

(1) Public sector debt held outside the public sector (March 31 each year)
(2) Shortfall of market value below nominal value
(3) Market value of public sector debt in (1)
(4) *Net capital stock of the public sector at current prices* (previous December 31)
(5) Net worth of the public sector
* 1978 figures are all mid-year estimates

Source: Rowe Rudd

AROUND BRITAIN

WELSH LAND AUTHORITY

Successfully upholding the LAW

BY ROBIN REEVES, Welsh Correspondent

EVEN THE most ardent proponents of the 1975 Community Land Act accept, so far at least, that it has generally failed to meet its twin aim of ensuring a more rational supply of land for development purposes and the return to the community of part of the profit accruing to land given development status—except, that is, in Wales.

Unlike the rest of the country, the Government chose to vest responsibility for implementing the provisions of the Act in Wales in a single, *specially-created body,* the Land Authority for Wales (LAW). In England and Scotland, on the other hand, reponsibility was placed in the hands of the district and county authorities. And the contrast in performance has been quite startling.

Whereas in England, Mr. Reg Freeson, the Housing Minister, has resorted in the past month to cajoling local authorities to start implementing the act more enthusiastically and *offered £100m over the next two* years to help them, in Wales, LAW announced it had exceeded its targets for the acquisition and disposal of land for development. More significant still, LAW is proving to be *popular with the Welsh build-*ing industry.

From the moment it was established in April, 1976, LAW deliberately set out to foster *good relations* with the building industry, Welsh local authorities, and other interested parties. Working via detailed consultations, it aimed to *assess* development land demand and supply in all parts of the Principality and then proceeded to concentrate on those areas where, for one reason or another, development was being *held up by lack of freely-*available land.

To an extent, LAW operates like any other commercial concern buying and selling land. Its capital is £3m in long-term loans from the National Loans *Board and it has to compete* in the market like any other property company. On occasions, it has been outbid by private sector buyers.

But the authority does also have compulsory purchase *powers and obviously cannot in*dulge in idle land speculation. LAW's chief executive, Mr. E. W. G. C. Howell, maintains that the high cost of its borrowed capital has, in practice, imposed a strong commer*mercial discipline. The authority* has been forced to operate a high volume, low profit, turnover in order to repay its public borrowing as quickly as possible. LAW's impact has already been felt in Wales in a number of ways. It has stepped in to sort out a number of multiple ownership problems which were causing certain sites, particularly in town and *city centres, to lie derelict for* years. It has purchased large areas of land earmarked for housing, but beyond the financial reach of small and medium-sized builders and split them up into marketable parcels for *individual builders.*

Tight market

At times the lack of infrastructure such as drainage, and access roads, has been an added difficulty. LAW has been able to do the work necessary to make the land attractive for *immediate development before* selling it for building.

Beyond this, LAW has also brought its weight to bear on instances where the development land market has become exceptionally tight—and expensive because of the refusal of local landowners to sell or because certain builders have *cornered the available supply.*

Compulsory purchase is of course LAW's ultimate weapon in such cases. Moreover, like new town corporations, it has the privilege of having to justify its compulsory purchase decisions to a Government Minister only (the Secretary of State for Wales) whereas local authorities are liable to have to go through a public inquiry. But LAW officials insist this is a power which the authority uses very frugally. To date, it has issued 20 compulsory purchase orders, but it describes the vast majority as "technical"—issued to protect subse*quent purchasers of land from* possible future ownership disputes in instances where land titles are obscure. Should any dispute over land ownership arise years hence, then the buck would stop at LAW's door.

The net result of LAW's first two years is that between August 1976, when it started trading, and March 31, this year, it purchased a total of 904 acres at a cost of £4.8m and disposed of 227 acres which realised *£2.6m. This left* LAW holding approximately 677 acres which it conservatively estimates are worth £6.6m at current prices.

Thanks to its busy start, LAW has already started repaying its borrowed capital—£900,000 in *the first year—and plans soon* to be completely self-financing. In other words, LAW will shortly be in a position to finance both its land acquisitions—a further 190 acres is planned this year—and the continued repayment of its debt to the public purse. And as things stand, it expects to have earned sufficient surplus or profit at the end of five years to begin distributing a *dividend to* the community (part to the Treasury but most to the local authorities)—the basic purpose of the Act.

Indeed, LAW aims by then to have built itself a land bank *equivalent to two to three years'* development land need, in order to give itself the role of natural, though not exclusive, supplier of land to the building industry.

The charge that, by moving to such a dominant position in the market, LAW may push up development land prices is met by the argument that, in a normal market, the price of land is set essentially by the price realisable for the finished product—the house—less building costs.

Furthermore, the authority can fairly claim its operations are not conducted behind closed doors. Purchases and sales are being made within the framework of an annually published land policy statement and detailed five-year rolling programme, which is drawn up after the consultations with the interested parties.

The question remains: why LAW has made so much more workmanlike a start towards implementing the community land act than English local authorities?

One advantage is that LAW *is purpose-designed for the task.* With an eight-person board and an executive staff of only some 50 people all told, it is able to react quickly and in a commercial fashion to market opportunities as they arise. In contrast, in England, the Department of the Environment has kept local authorities on a very tight rein, requiring them to submit each transaction for approval. LAW has an annual budget and has been able to get on with the job.

Another important factor, particularly in winning the confidence of the private sector, is that LAW is not a planning authority, as is the case with local authorities in England. Where necessary, LAW has to apply for planning consent like anybody else.

Finally, LAW, because it takes a Wales-wide view, is able to remain detached from the parochial concerns of local authorities and the political pressures which operate at that level. Yet it is not so remote and bureaucratic as to be insensitive to local needs and conditions.

Inkerman backed down to 9-2 for Saturday's Irish Derby

RACING

BY DOMINIC WIGAN

INKERMAN, WHO never looked like justifying the confidence of backers which forced his price down to 4-1 from almost double those odds a few minutes before the off at Epsom, is again in strong demand.

All the major firms yesterday reported taking large bets on the Vincent O'Brien colt for Saturday's Irish Derby, and 9-2 is now the best price available about his giving Lester Piggott a sixth success in the race.

O'Brien fields another runner in Encyclopedia. The Reviewer colt proved no match for Inkerman when partnered by Piggott in the Gallinule Stakes at The Curragh in May. However, it would be wrong to write off his chance. O'Brien would not be saddling a "no-hoper."

One man who could look back on this week with mixed feelings is Raymond Carroll. The experienced Irish rider, who pilots Strong Gale in the Irish Derby, begins a four-day suspension a few days after the race for riding with "gross carelessness" at Leopardstown on Wednesday evening.

Another important prize on Saturday is the "Pitman's Derby," the Northumberland Plate, sponsored by Joe Coral. It seems likely that only seven or eight will go to post for the Newcastle stayers' event.

Sea Pigeon, veteran of the party, heads both the weights and the betting, as might be expected.

NEWCASTLE
6.45—Luna Nueva***
7.10—Lenwade Lady
8.05—Happy Hector**
9.05—Ribellaro*

He is quoted at 3-1 by the sponsors, two points in front of last years Northumberland Plate winner, Tug of War.

At Gosforth Park this evening the once-raced Luna Nueva is among the runners for the Fawdon filly stakes. This nippy-looking daughter of Galivanter showed sufficient promise when going under by just a head to Miss Zadig at Warwick recently to suggest she will want a good deal of beating.

Later in the evening Happy Hector could well justify the hopes of his in-form trainer, Clive Brittain, in a weakly-contested race for the St. Oswald Stakes.

TV/Radio

† Indicates programme in black and white.

BBC 1

6.40 am Open University (Ultra High Frequency only). 11.25 Cricket: Third Test—The Cornhill Insurance Test Series: England v Pakistan. 1.30 pm How Do You Do?. 1.45 News. 1.55 Wimbledon Lawn Tennis Championships. 4.18 Regional News for England (except London). 4.20 Play School (as BBC 2 11.00 am). 4.45 Cries the Wolf (cartoon). 4.50 Take Hart. 5.10 Tabitha. 5.35 The Wombles.

5.40 News.
5.55 *Nationwide* (London and South-East only).
6.15 Wimbledon highlights.
7.45 The Black and White *Minstrel Show.*
8.30 Sykes.
9.00 News.
9.25 Petrocelli.
10.15 *Tonight* (London and South-East only).
10.45 Regional News.
10.46 The Late Film: "The Mountain," starring Spencer Tracy.

All Regions as BBC 1 except at the following times:—

Wales—1.30-1.45 pm O Dan Y Mor. 5.10-5.35 Teliffant. 5.55 Wales Today. 6.15-6.40 Heddiw. 6.40 Join BBC 1 (Wimbledon). 10.15 *Kane on Friday.* 10.45-10.46 News for Wales.

Scotland—5.55-6.15 pm Reporting Scotland. 10.15 Breathing *Space.* 10.45-10.46 News for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.15 *Scene Around Six.* 10.15 Lifetimes. 10.45-10.46 News for Northern Ireland.

England—5.55-6.15 pm Look East (Norwich); *Look North* (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); *Spotlight* South-West (Plymouth). 10.15-10.45 East (Norwich): On Camera; Midlands (Birmingham) It's Your Affair; North (Leeds) Direct Line: North-East (Newcastle) Friday North; North-West (Manchester) Champion Brass; South (Southampton) Report South: South-West (Plymouth) Peninsula; West (Bristol) Public Life.

BBC 2

6.40 am Open University.
11.00 Play School.
2.05 pm Cricket: Third Test/Wimbledon.
7.50 News on 2.
7.55 Westminster Report.
8.15 Tortelier Masterclass.
9.00 M. H. and 5p: Fivepenny Piece with Mike Harding.
9.30 Wimbledon highlights.
10.20 The Devil's Crown.
11.15 Late News on 2.
11.25 Cricket: Third Test highlights.
11.55 Closedown: Reading.

LONDON

9.30 am History Around You. 9.55 Plain Sailing. 10.20 The Undersea Adventures of Captain Nemo. 10.30 An Asian Notebook. 11.00 Popeye. 11.05 Goostrey—a Village. 12.00 A Handful of Songs. *12.10 pm Rainbow.* 12.30 Golf. 1.00 News plus FT index. 1.20 Help! 1.30 Beryl's Lot. 2.00 Money-Go-Round. 2.25 Golf. 4.15 *Golden Hill.* 4.45 Fanfare. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 Winner Takes All.
7.30 The Pink Medicine Show.
8.00 Hawaii Five-O.
9.00 The Foundation.
10.00 News.
10.30 Police 5.
10.40 Russell Harty.
11.40 Baretta.
12.40 am Close: A painting by Van Gogh, music by Mozart.

All IBA *Regions* as London except at the following times:—

ANGLIA

10.20 am Friends of Man. 1.25 pm Anglia News. 5.15 Chatterbox. 6.00 About Anglia. 8.00 The Incredible Hulk. 10.30 Eleni V—Diary of a Disaster. 11.00 Friday Late Film: "The Man." 12.45 am *Your Music at Night.*

ATV

10.20 am What on Earth. 10.30 Greig. 1.20 pm ATV Newsdesk. 2.30 General Hospital. 5.15 Those Wonderful TV Times. 6.00 ATV Today. 8.00 The Incredible Hulk. 10.30 The Friday Night Film: "The Night Stalker."

BORDER

10.20 am Dynomutt—The Dog Wonder. 10.45 The Roger Whittaker Show †1.20 pm Border News. 5.15 The Partridge Family. *6.00 Lookaround Friday.* 8.00 The Incredible Hulk. 10.30 Festival: Appleby Horse Fair and a display of historic vehicles at Mellerstain House. 11.00 Late Film: "I, Monster." †12.30 am Border *News Summary.*

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 6.00 Report at Six. 8.00 The Bionic Woman 10.28 Channel Late News. 10.32 Summer of '78. 11.00 TV Movie: "Crosscurrent." 12.40 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 10.20 The Beachcombers. 10.45 The Roger Whittaker Show. 1.20 pm Grampian News head*lines.* 6.00 Grampian Today. 7.00 The Entertainers: Mae McKenna. 8.00 The Incredible Hulk 10.30 Reflections. 10.35 The Friday Film: "The Vampire Lovers." 12.25 am Grampian Late Night headlines, followed by road report.

GRANADA

10.20 am The Lone Ranger Show. 10.40 Journal. 10.55 Kathy's Quiz. 1.20 pm This Is Your Right. 1.30 The Amazing World of Kreskin. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Summer Sport. 8.00 The Incredible Hulk. 10.30 Reports Extra. 11.00 Friday Film Premiere: "In Search of Gregory," starring Julie Christie. 12.40 am A Little Night Music.

HTV

10.20 am Money-Go-Round. 10.40 The Roger Whittaker Show. 1.20 pm Report West headlines. 1.25 Report Wales headlines. 1.30 Those Wonderful TV times. 2.00 Women Only. 5.15 The Undersea *Adventures of Captain Nemo.* 5.20 *Crossroads.* 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 8.00 The Incredible Hulk. 10.35 "Les Sylphides." 11.05 The Late Film: "The Rise and Rise of *Michael Rimmer.*"

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.15-4.45 Camau *Cantamil.* 6.00-6.15 Y *Dydd.* 10.35-11.05 Outlook.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West headlines. 6.15-6.30 Report West.

SCOTTISH

10.20 am Dynomutt—The Dog Wonder. 10.40 The Roger Whittaker Show. 1.25 pm News and Road Report. 1.30 Houseparty. 5.15 Cartoon 5.20 Crossroads. 6.00 Scotland Today. 6.30 Report. 8.00 The Incredible Hulk. 10.30 Ways and Means. 11.00 Late Call. 11.05 House of Horrors: "Twins of Evil."

SOUTHERN

10.20 am Adventures in Rainbow Country. *10.45* The Roger Whittaker Show. 1.20 pm Southern News. 1.30 Those Wonderful TV Times. 2.00 Women Only. 5.10 Weekend. 5.20 Crossroads. 6.00 Day by Day. 6.30 The Cuckoo Waltz. 8.00 The Incredible Hulk. 10.30 The Friday Horror Film: "Doctor Jekyll and Sister Hyde." 12.20 am Southern News Extra.

TYNE TEES

9.25 am The Good Word followed by North East News headlines. 10.20 Wild Country. 10.45 The Roger Whittaker *Show.* 1.20 *pm North* East News and Lookaround. 1.30 Challenge of the Sexes. 5.15 Run Joe, Run. 6.00 Northern Life. 8.00 The Incredible Hulk. 10.30 Sports time. 11.05 The Friday Film: "Circus *of Horrors." 12.35 am Epilogue.*

ULSTER

10.20 am The Lost Islands. 10.40 Roger Whittaker. 1.20 pm Lunchtime. 4.13 Ulster News headlines. 5.15 Flintstones. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 6.50 Police Six. 8.00 The Incredible Hulk. 10.30 Dan August. 11.30 Bedtime.

WESTWARD

10.25 am Evolution of Life. 10.40 The Roger Whittaker Show. 12.27 Gus Honeybun's Birthdays. 1.20 pm Westward News headlines. 6.00 Westward Diary and Sports Desk. 8.00 The Bionic Woman. 10.28 Westward Late News. 10.30 Summer of '78. 11.00 TV Movie: "Crosscurrent." 12.40 am Faith for Life.

YORKSHIRE

10.20 am The Outsiders. 1.20 pm Calendar News. 1.30 Houseparty. 5.15 *Out of Town.* 6.00 *Calendar* (Emley Moor and Belmont editions). 8.00 The Incredible Hulk. 10.30 Oh No It's Selwyn Froggitt. 11.00 Scorpion Tales.

RADIO 1 — 247m

(S) Stereophonic broadcast
(MW) Medium Wave

5.00 am As Radio 2. 7.02 Dave Lee *Travis.* 9.00 *Simon Bates.* 11.31 Paul Burnett including. 12.30 pm Newsbeat. 2.00 Tony Blackburn. 4.31 Kid Jensen including 5.30 Newsbeat. 7.30 The Midnite Follies Orchestra (S) (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2, including 1.55 pm Good Listening. 2.02 Pete Murray's Open House (S) (con*tinued from Radio 2, 12.30).* 2.30 David Allan (S). 4.30 Waggoners' Walk. 4.45 John Dunn (S). 7.00 With Radio 2. 10.00 With Radio 1. 12.00-2.02 am With Radio 2.

RADIO 2 — 1,500m and VHF

5.00 am News Summary. 5.02 Richard Vaughan (S) with The Early Show, including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.45 Pause *for Thought.* 10.02 *John Timpson* (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) (continued on VHF) including 1.45 Sports Desk. 2.02 Wimbledon Lawn Tennis Championships *including* 2.05, 3.45 *Sports Desk.* 4.30 Waggoners' Walk (as VHF). 4.45, 5.45 Sports Desk. 6.01 Cross-Channel Motoring Information and 6.45 Sports Desk. 7.02 The Midnite Follies Orchestra and Sweet Substitute in Band Parade (S) including 7.30 Sports Desk. 8.02 Neil Richardson conducts the BBC Radio Orchestra (S). 8.45 Friday Night Is Music Night (S). 9.55 Sports Desk. 10.02 Free Spin. 10.30 Let's Go Latin with Carlos Romanos Riz Band. 11.02 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 — 464m, Stereo & VHF

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Bartok (S). 9.45 Young Artists Recital (S). 10.35 BBC Northern Ireland Orchestra (S). 11.25 Cricket: Third Test, England v Pakistan including 1.35 pm News. 1.30 Playbill. 2.00 Lunchtime scoreboard. 6.40 Lifelines: Leisure and Recreation. 7.40 Variations On A Russian Theme (S). 8.40 Montaillou (talk by David Luscombe). 9.05 Salzburg Music Week 1978: Mozart song recital, part 1 (S). 9.40 Interval Reading. 9.50 Recital, part 2. 10.35 The Best of Poetry Now selected by J. P. Ward. 11.05 Chanson Francaise: Songs of Julien Clerc (S). 11.35 News. 11.40-11.45 Tonight's Schubert Song.

VHF—6.00 am Open University. 7.00 With MW. 11.25 English Songs (S). 12.15 pm Midday Concert, part 1: Ellis, Bartok (S). 1.00 News. 1.05 Playbill (S). 1.25 Midday Concert, part 2: Tchaikovsky (S). 2.15 Fitzwilliam String Quartet, part 1 (S). 3.00 In Short (talk). 3.10 String Quartet, part 2 (S). 3.50 Machaut and his followers (S). 4.45 The Young Idea (S). 5.45 Northern Sinfonia Ensemble (S). 6.40 With MW.

RADIO 4 — 434m, 330m, 285m and VHF

6.15 am News. 6.17 Farming Today. 6.35 Up to the Hour. 7.00 News. 7.10 Today. 7.35 Up to the Hour (continued) *including Thought for the Day.* 8.00 News. 8.10 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Local Time. 9.35 A Bar for Nothing (S). 10.00 News. 10.05 Checkpoint. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Analysis. 11.15 Letters from Everywhere. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather: programme news. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour from Birmingham, including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 The Man Who Thought He Owned Broadway (S). 4.35 Story Time. 5.00 PM Report. 5.40 Enquire Within. 5.55 Weather: programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 The Philip Jones Brass Ensemble (S). 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather 10.00 The World Tonight. 10.30 Week Ending . . . (S). 10.55 My Delight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London — 206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. *9.00 London Live. 12.03 pm Call In.* 2.03 206 Showcase 4.03 Home Run. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Track Record. 10.00 Late Night London. 12.00-Close: As Radio 2.

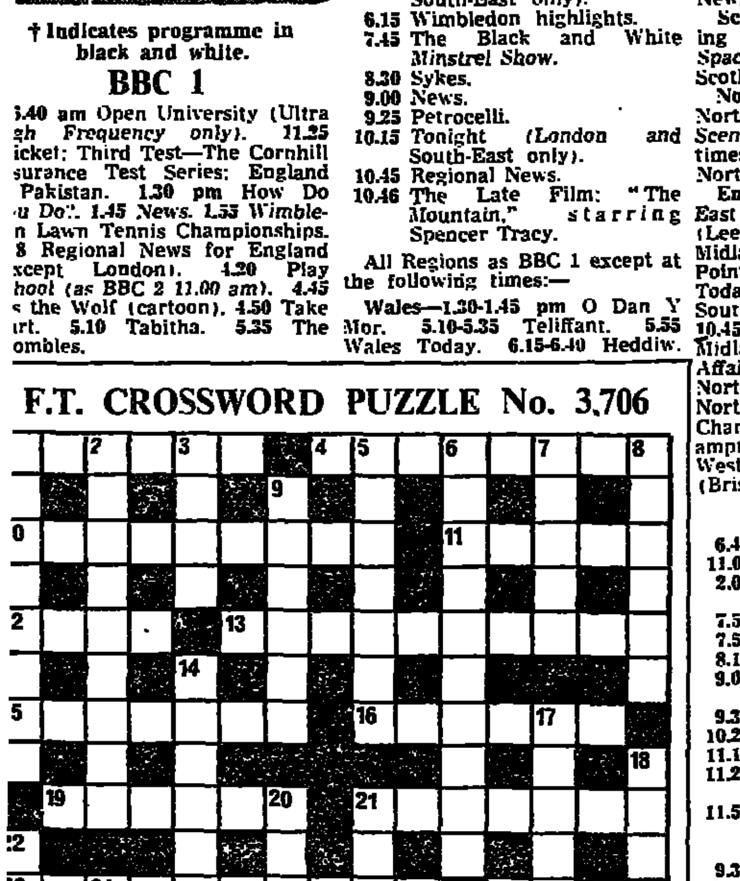
London Broadcasting — 261m and 97.3 VHF

5.00 am Morning Music. 6.00 AM: non-stop news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 LBC Reports 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports (continues). 8.00 After Eight with Ian Gilchrist. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio — 194m and 95.8 VHF

6.00 am Peter Young's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Mike Allen's Late Show (S). 2.00 am Ian Davidson's London Link International (S).

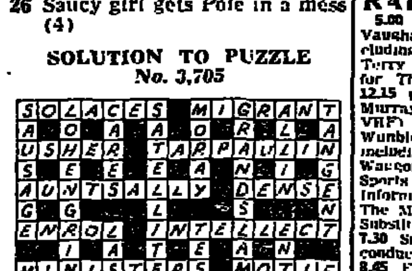
F.T. CROSSWORD PUZZLE No. 3,706



ACROSS
1 Ambassador and member dined (6)
4 Dressed orchestral players and got older (8)
10 Metal hoop for musicians (5, 4)
11 Which person gets contrary directions for a convolution? (5)
12 Drum for sailors' dance (4)
13 Rejected record laid about me (10)
15 Travel north in race plane (7)
16 Salad vegetable for soldiers' course (6)
19 *Note to young lady could be* negligent (6)
21 Dance about with the Spanish (7)
23 Tripartite as a suit or suite may be (5-5)
25 Skilful band-leader in the drink (4)
27 Rodent for doctor to employ (5)
28 Affirm it could be part of speech (9)
29 Man or beast giving little credit to Oriental at river (8)
30 Ox used unusually in flight (6)

DOWN
1 Left one to scold and set free (8)
2 Source of wine and information (9)
3 Teamleader gets request for work (4)
5 *One who quotes copper rising* in summer (7)
6 Poor man could be the losing pugilist (4-3-3)
7 One in charge of Arabs' curry (5)
8 Deceive trivial lord in river (6)
9 Roman Catholic or religious person in the past (6)
14 Culture in manners requiring clarification (10)
17 Mutton-chop dresser? (9)
18 With nothing here one would be *ignorant* (8)
20 Captain taking fish from the south (7)
21 Reprimand an old prime-mover (6)
22 A cat I caught could be particularly small (6)
24 Awaken monarch on river (5)
26 Saucy girl gets Pole in a mess (4)

SOLUTION TO PUZZLE *No. 3,705*



ENTERTAINMENT GUIDE

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Cinema

Bad news week by NIGEL ANDREWS

Don't Cry For Me, Little Mother (X) Gala Royal
Bruce Lee's Game of Death (X) Warner 2, Swiss Scene, Classic Oxford Street
The Deadly Females (X) Royal, Charing Cross Road
Go Tell The Spartans (X) London Pavilion
I Wanna Hold Your Hand (A) Ritz
The Main Actor (X) Scala

This is one of those weeks in the cinema from which a critic surfaces in a cold sweat, wondering if it has all been a bad dream or, even more frighteningly, a waking reality. Did an ageing Burt Lancaster really strip to the buff and die face down in the Vietnamese mud in *Go Tell The Spartans*? Did Bruce Lee really come back from the grave to star in *Game of Death*? Did the Evita Peron legend really suffer the torpid imbecilities of a German-Yugslavian porno-co-production (called *Don't Cry For Me, Little Mother*)? And can it be that a film appreciatively reviewed last week by two of my colleagues, and dutifully caught up with me this week, turns out to be such a terminal piece of drivel as *The Deadly Females*?

This is the week to indulge one's emergency option to write a film column from the worst movie upwards: if only out of sympathy for the reader, for whom a steady ascent from the bad to the merely mediocre is probably preferable to a nose-dive in reverse order.

True badness, furthermore, has its compensations. *Don't Cry For Me, Argentina* is not only a treat for lovers of High Camp, but in its virtuoso absurdity it offers a refreshingly back-handed tribute to the overblown myth of that Famous Lady from Argentina. One *is* tempted to suggest a shuttle service from the Prince Edward Theatre to the Gala Royal, for audiences who wish to wash their minds out after the mellifluous hagiography of Rice and Lloyd Webber's musical by seeing the tattered corn to which Evita Peron's legend can—and possible should—be reduced.

The film's heroine is a curvaceous blonde called Marina (Christine Kruger), whose well-mascara'd eye for the main chance leads her rapidly up the ladder of success in a Nameless Country, of totalitarian hue and militaristic manners, which just might be mistaken for Argentina. After running the hedonistic gauntlet of affairs with sundry men of State, she beds and marries the Coming Man himself, one General Pinares. With her nubile assistance, Pinares becomes the President of the country, she the force-behind-the-throne, and after climaxing in an orgy of power-abuse and high living, the film ends with the heroine's assassination on the balcony of her palace.

Well, quasi-assassination: for in a style typical of the movie's melodramatic overkill, the poor lady has already died in her imperial wheelchair (she has been ill for some weeks with cholera) when the assassin's bullet strikes, splattering her blood all over General Pinares, who is trying to make an election speech to the people by her side.

Earlier, the film hardly misses a trick in the titillation-and-innuendo dopartment, the award-winning moment being one lover's enraptured remark to the heroine-seductress, "You could raise the dead." The movie's picture of political corruption is hilariously all-encompassing. Not only does the heroine inaugurate a Marina Pinares Charitable Fund, whose proceeds appear to go exclusively to Marina Pinares, but torture, diplomatic killings and blackmail are all in a day's work for the denizens of these corridors of power. One spends the first half of the film mentally berating Gala distributors for bringing this rock-bottom piece of bokum to London, but its badness has an all-out vitality that finally wins one round. The film goes so far in the wrong direction that it seems to come out again the other side.

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Game of Death, by contrast, has no redeeming features at all. If cinematic necromancy were an actionable offence, the makers of this film would be hauled up in court. Bruce Lee is billed as the star of this Hong Kong action farrago, but as most of you know, he died several years ago. Undeterred, the makers have disinterred him: or at least his photographic remains. Lee completed no more than ten minutes' footage on this film before he died, most of it concentrated in two stylish fights at the end. For the rest, the film's director Robert Clouse has resorted to the hideous device of using another actor (a Lee look-alike unnamed in the credits) for principal shooting and of substituting stock-footage close-ups of Lee for occasional reaction shots. The story is bad enough by itself, an overcooked ragout of intrigue, revenge and murder graced but not redeemed by the presence of Dean Jagger, Gig Young and Hugh O'Brien, but in tampering with Lee and his legend, the makers have added desecration to insult and injury.

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In other hands *The Deadly Females*, with its story of a prostitution - and - assassination bureau run by a svelte female mastermind (Tracy Reed), might have made a passable black comedy. But in those of Donovan Winter, a veteran of the British sex-cinema circuits, the film is doomed by its market.

The sole *raison d'etre* of the movie seems to be to pack in as many scenes of undressing and simulated love-making as the censor will *allow*, and audience appetite (or patience) will indulge. The women characters in the film are all repressed wives or scheming seductresses, the men are all menopausal executives. Winter aims some modish jabs at the intrigue and chicanery of the London Big Business world, but in this meretricious context attempts at social satire seem the height of presumptuousness.

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Go Tell The Spartans is slightly better news. This is the story of a battle-weary American platoon defending a doomed outpost in South Vietnam. The film has a *dramatis personae* composed almost exclusively of stock Hollywood characters: from the cynical-kindly C.O. (Burt Lancaster) to the rule-book fanatic (Joe Unger) to the fresh-faced would-be hero (Craig Wasson). But the film gains interest steadily, not least from the collision between the war-movie stereotypes that Hollywood still has not shaken off and the now mandatory cynicism of the post-Vietnam age. Expletives pour un-deleted from every character's mouth—not least Lancaster's—allusions are rife to such un-heroic matters as dysentery, VD and drug-taking. The film is a failure—swept now that way, now this by its conflicting loyalties to different movie ages—but the failure is an interesting one, diffidently heralding in a new sophistication and disenchantment in war movies.

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For those who have forgotten Beatlemania, a timely and noisy reminder is furnished by *I Wanna Hold Your Hand*. Directed by Robert Zemeckis and produced by Steven Spielberg, this pop-world comedy follows the adventures of seven ill-assorted teenagers—four girls, three boys—who try to gate-crash New York's Plaza Hotel during the Beatles' first visit there in 1964. The movie climaxes in a parody-recreation of the historic Ed Sullivan show, on which the Beatles made their inaugural American appearance and in which teenage pop hysteria reached a new high.

The film belongs to the *American Graffiti* school of comic-strip *nostalgia*: but *it* is also a minor *tour de force* in its own right, in the farcical variations it rings on a slender theme, and in the tantalising way it gives us glimpses of the Beatles (a Liverpudlian voice here, a mop-haired silhouette there) without ever resorting to the hopeless task of trying to re-create them. One of the teenage invaders actually gets as far as the Beatles' hotel suite and secretes herself under one of the beds. No sooner is she discovered and politely evicted than the news cameras and journalists swoop upon her in the hotel lobby, and in five minutes she has been immortalised on the small screen. Such is the infectiousness of stardom.

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A more reluctant star is the juvenile-deliquent hero of *The Main Actor*, a new film from Germany. Written and directed by Reinhard Hauff, this is partly a film-within-a-film, showing the boy acting out his real-life role for a quasi-documentary movie being made by a young director (Vadim Glowna), partly a study of the aftermath of the boy's involvement in the shooting, when the excitement and sense of purpose have died away and he is left again to his own inadequate mental and emotional resources. He returns, slowly and inevitably, to a life of delinquency.

The subject is intriguing, but the treatment is curiously drab. Hauff's reputation as a director has never challenged those of his more illustrious compatriots—Fassbinder, Herzog, Wenders—and from this film one can understand why. It is locked into a TV-style naturalism that suffocates the subject for lack of imagination. The young hero, crew-cut and sullenly defiant, is a distant cousin to Truffaut's Antoine Doinel in *The 400 Blows*: but the film never smuggles us inside his own mind, nor communicates to us the reason and reality behind his compulsion to violence. (His vandalistic specialities include smashing cars and setting fire to cinemas.) As the only movie of the week that offers a serious treatment of a serious subject, *The Main Actor* deserves some respect. But without a lacing of passion or vitality, seriousness is not quite enough.

Christiane Kruger and Ivan Desny in 'Don't Cry For Me, Little Mother'

Cottesloe

American Buffalo by MICHAEL COVENEY

David Mamet brings you to the edge of your seat with language. Not just the force of it, but the cunning deployment of everyday American speech patterns that cut corners and pure grammar to distil hard meaning and veiled threats from the frenzied banter of a trio of articulate bunglers in a downtown junk shop. Hearing Pinter for the first time must have been something like this. "We got work to do here and we don't want you to do it. So what are you doing here?" That line may not sound great in itself, but in context it rattles with an angry, exciting rhythm.

The play was written in 1975 and progressed from off-Broadway to Broadway last year with Ken Duvall and Al Pacino in the cast. British audiences first met Mamet earlier this year with an oddly matched double bill at the Regent. The promise and noise of a true original is confirmed in Bill Bryden's powerful production for the National Theatre. If it misses out in respect of precise Americanism, the cast of three resorting a little too easily to Method mannerism, it compensates entirely in its devotion to the swing, beat and pulse of Mamet's glorious froth.

The junk shop belongs to Donny Dubrow (Dave King), who has sold a buffalo *coin for 90* bucks before realising the possibility of its greater value. He wants it back and the chance of an escapade infects his different relationships with an impressionable sidekick, Bobby, and Teach, a more experienced but ridiculous hoodlum. Competitive expressions of loyalty, friendship and jealousy are firmly rooted *in a soil of business association* continuously threatened by paranoid outbursts of rivalry on all sides. Each line, almost, sets out to redefine through humorous inflection the state of play between the three of them.

Violence erupts as the inevitable solution to the fears and problems of one particular night which will evaporate into an encircling, vividly suggested off-stage world of gin games with aggressive females and other pretenders to territorial rights in the cluttered den. Mr. King is an impassive bulwark to all demands made on him, while Jack Shepherd and Michael Feast play feverishly on the brink of acceptance in well-balanced studies of nervous bravado and glum, persecuted desperation.

Grant Hicks has designed the sort of manically detailed set it would take all night to inventory—I saw toys under glass, umbrellas, fencing masks, boxing gloves, boots, bottles and Micky Mouse flags. The whole picture is given atmospherically beautiful lighting by Andy Phillips.

Leonard Burt

Michael Feast and Jack Shepherd

St. John's, Smith Square

Jean-Claude Malgoire by NICHOLAS KENYON

Jean-Claude Malgoire is in England for the important revival of Rameau's *Hippolyte et Aricie* at Covent Garden on Sunday (which should not be missed; there are still some tickets available). On Wednesday he brought his ensemble *La Grande Ecurie et la Chambre du Roy* to St. John's Smith Square to warm up for the occasion. At least, I hope they were warming up: the playing was by no means as stylish as one has come to expect from Malgoire's lively records.

The small band of original instruments consisted of single strings, plus flute and oboe: *la Chambre sans l'Ecurie*, which was a pity, because Malgoire's trumpets and drums can always be relied upon to add vigour and cover up any problems of intonation. The short programme was given in reverse order; but it got steadily better, so I shall start from the end (that is, the original beginning). Boismortier's skilfully woven cantata *L'Hiver* found the players at their most expressive, but the performance was dominated by Sophie Boulin's extraordinary singing. A mixture of Pygmalion and Piaf, she stood silent and statuesque during every pause, and then burst with sudden passion into song, straining each note to its full worth and acting out the drama with brittle, tense fervour.

There was nothing so striking in either Jean-Claude Veillant's deftly tripping account of a Leclair Concerto (Op. 7, No. 3, played on the flute), or in Michel Henri's slightly unsteady jog through the Handel Oboe Concerto in G minor: both lacked sparkle. One jolly curiosity was tossed into the evening, however: a piece by Leopold Mozart, who had a penchant for including shotguns and jingle bells in his scores, and if alive today would doubtless have beaten Satie to the typewriter and Hoffnung to the vacuum cleaner. This *Sinfonia Pastorella* featured a ten-foot alphorn, an instrument of an admittedly wider range than the vacuum cleaner (just): its repertoire of one arpeggio was exhaustively explored in the three-movement piece, and played by Michel Garcin Marou with a cool sophistication which was missing from the rest of the evening.

Fourth Bracknell Jazz Festival

The Fourth Bracknell Jazz Festival, taking place on July 8 and 9, features a rare appearance in Britain of saxist Ornette Coleman as well as the British debuts of violinist Leroy Jenkins and saxophonist David Murray.

Coleman's sextet will have two drummers, one his son Ornette Denardo. Jenkins will play with pianist Anthony Davis and percussionist Andrew Cyrilie. Murray will play a solo set on the Sunday of the festival.

Among the British groups playing are Elton Dean's Ninesense, the Stan Tracey/John Surman duo, the Bobby Wellins quartet, the Ronnie Scott quintet featuring Louis Stewart, the Lennie Best quartet and several pianists appearing in a session entitled *A Fistful of Pianists*. Among them are Gordon Beck, Roger Dean, Chris McGregor, Howard Riley, Mike Westbrook and Pete Jacobson.

Covent Garden

Pelléas et Mélisande by RONALD CRICHTON

The latest revival of the Covent Garden *Pelléas* is well worth seeing for the performances of the title-roles by Thomas Allen and Anne Howells, and for the quality of the orchestral playing under Colin Davis. There is a *mysterious alchemy about* Debussy's marvellous score by which, when the theatre is even slightly too big for it (as Covent Garden undoubtedly is) the orchestra comes up and the voices go down. Not this time. Has there ever been, in this theatre, a performance of the work at which so many of the words were audible as on Wednesday?

The French coaching of Janine Reiss and the generally high standard of diction must share the credit, but the biggest bouquets go to Mr. Davis and the orchestra for playing that was taut and luminous as well as discreet. Sometimes, for example, in the scenes with Golaud, the pulse slackened—there is a narrative aspect of the score which Mr. Davis hasn't quite mastered, but the perfect reading doesn't come in a hury. There is plenty of fibre for the climaxes.

Thomas Allen's Pelléas is a lovely piece of work. The high tessitura seems to bother him not at all (the first Pelléas, Jean Périer, also sang Scarpia and Colline—one wonders exactly what sort of a voice he had). The sound of a genuine forward high baritone is consistently beautiful. Mr. Allen looks young but not effete (as apparently Maeterlinck, who was a great big glutton of a man, wanted him to be. Every phrase is sensitively but also strongly placed, he gives the impression of a youth completely, helplessly enthralled. To Mélisande Anne Howells (also singing the role at Covent Garden for the first time) brings her special qualities of intelligence, theatrical instinct, and musicianship.

This is not the fluttering, bruised, teasing moth of a Mélisande but the quiet, secret kind—more attractive and more dangerous, using the eyes (fixed often on something in the distance unseen by the other characters) more than the eyelids, sad, elusive, appealing. Miss Howells makes it plain that Mélisande has not been happy in the past but is reasonably calm about it—too much is made nowadays of the supposed brutality of Mélisande's former husband Bluebeard—a gloss added subsequently by Maeterlinck when he wrote the libretto of *Ariane et Barbe-bleue* for Dukas. Miss Howells gets so many phrases heartrendingly right that one may perhaps suggest that she makes too much of the unaccompanied song from the tower (not a great statement, surely, but rather an absent-minded "hum"), and too little of the deathbed scene, where the voice must carry even if the result is unrealistic for a dying woman and a frail one at that.

The experienced Golaud of Thomas Stewart comes from another less idiomatic world. This is a *strong, often gripping,* performance which suffers from a tendency to slow down the declamation which must always, *in this opera, preserve some* relation to human speech, occasionally also from a tendency *to chop up the vocal line under* the stress of emotion.

Robert Lloyd's Arkel, on the other hand, is thoroughly stylish: his refusal to allow the old boy to become merely the usual sententious mouthpiece is admirable. Patricia Payne sings Genevieve in place of the indisposed Anna Reynolds. Miss Payne looks mighty impressive; her vowels are fine but one shouldn't read letters aloud without consonants. The gratingly boyish Yniold of Gillian Ramsden remains a pleasure.

The staging is now ascribed to Ande Anderson, who has abolished almost entirely the distracting mimings that used to go on during the orchestral interludes. Some of the scenes *look a bit empty, as though the* cloths have been sited too far back. In many cases the lighting has improved, notably in the second fountain scene, where the lovers' references to dark and light now make more sense. On the other hand the discovery of the blind men in the grotto remains inept, and the new solution for the tower window at which Mélisande does (and undoes) her hair suggests that Arkel and his family were troglodytes—perhaps this scene will never work without a return to old-fashioned naturalistic scenery. The programme has a fine crop of period photographs.

Thomas Allen and Anne Howells

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A better grip on spending

IT HAS long been thought desirable to assimilate the system of cash limits which was applied to the greater part of government spending two years ago with a reformed system of Parliamentary estimates. The annual presentation of three sets of figures—cash limits, supply estimates, and the public expenditure White Paper—all relating to the same programmes and all based on totally different assumptions about prices has not merely made for confusion. It has made a mockery of Parliamentary control of expenditure.

Distinguish

The purpose of cash limits was to restore administrative control over government expenditure following the large overspendings of earlier years. They are based upon estimated outturn prices for the year ahead and represent the amounts which the Government proposes should be spent on the services concerned. Supply estimates, upon which Parliament has traditionally voted expenditure are based upon pay and prices ruling at the time of their preparation. This means that Parliament has to be presented each year with a large number of supplementary estimates in which the effects of inflation, policy changes, bad estimating, or sheer lack of control have all too often been impossible to distinguish. The Public Accounts Committee and the Estimates Committee have therefore both been pressing for an early alignment of parliamentary and government control on a full cash basis.

This will not simply be a matter of changing the price assumptions in the estimates. The present structure of both estimates and cash limits will have to be altered since only about two-thirds of voted expenditure is presently subject to a cash limit and it would clearly be essential to make the distinction clear. The main exceptions to cash limits are services upon which expenditure is largely determined by demand, such as social security benefits. (The distinction is not clear-cut: the National Health Service is cash limited but not the Concorde programme or the National Enterprise Board, while, in the nationalised sector, the British National Oil Corporation alone is excepted.) As a result, it is now likely to be 1980-81 before the new system could be brought fully into operation. In the process, too, it will not always be possible to align supply votes with the managerial organisation within departments and with the spending blocks set out in the annual public expenditure White Paper. But the overall effect will be to improve short-term cash budgetary control by restoring the significance of supplementary estimates.

The key to the new system will obviously lie in the assumptions made about inflation. The operation of cash limits in the past two years may have been assisted by the Government's pay policies. But were the rate of inflation in future years to be substantially different from what had been expected, then the limits may have to be adjusted. So far this has not happened, although in 1976-77 at least inflation was underestimated, with the result that spending on cash limited services was cut back in volume by more than had been planned. To that extent, the inflation assumption has been a policy objective rather than a forecast. If inflation were over-estimated (an unlikely prospect in the immediate future) then, according to a Treasury memorandum to the Public Accounts Committee, the limits would probably be reduced. This would be done as an administrative measure; there would not be a series of "negative" supplementary estimates.

Welcome

At stake here is not merely the operation of cash limits. Medium-term control of public expenditure, for which the annual White Paper is designed, has been made more complicated by the underspending of the past two years to which cash limits have contributed. This year's increase in volume can be interpreted, for example, as one of 2.2 per cent (planned over planned) or 8 per cent (planned over outturn). The improved operating efficiency which cash limits have brought is certainly welcome. Even more important is re-establishing Parliamentary control over expenditure and priorities for more than just one year ahead.

China looking for capital

THE CHINESE vice-premier, Li Hsien-nien, is reported to have told a British delegation in Peking that China would in future borrow from banks abroad including British institutions. This may not be quite as dramatic a turnabout in policy as at face value it would seem. The official line in China has been that foreign loans are taboo. Unofficially, however, the Chinese have been borrowing abroad through a number of covert means from deferred payments to acceptance by the Bank of China in London of deposits placed by other banks for far longer terms than is normal in the inter-bank market. In private conversation Chinese officials freely refer to these inter-bank transactions as "borrowing."

Open economy

What is new about Mr. Li's remarks is that they suggest that the Chinese government has now got over its ideological antagonism to borrowing and thus will be willing to look at further ways of raising funds abroad. They are also confirmation that China is moving towards a more open economy with more extensive contacts with the west. Vice-Premier Teng Hsiao-ping recently told another foreign delegation that China had suffered from a closed economy.

China would certainly have no trouble in raising a substantial loan on the international markets. But the obvious first step for the Chinese in extending their range of borrowing would be to look for export credits. This would also go down well with capital equipment firms which are currently pressed by the Chinese into raising suppliers' credits.

There has been some speculation among bankers that China might seek a syndicated loan. This would have the advantage of providing longer term finance than is available through its inter-bank activities and avoid the rigmarole of rolling over its short-term obligations. It would also mean that China could obtain funds against a sovereign guarantee which would not be tied to any particular project. But for the moment such a loan seems wishful thinking by the financial community.

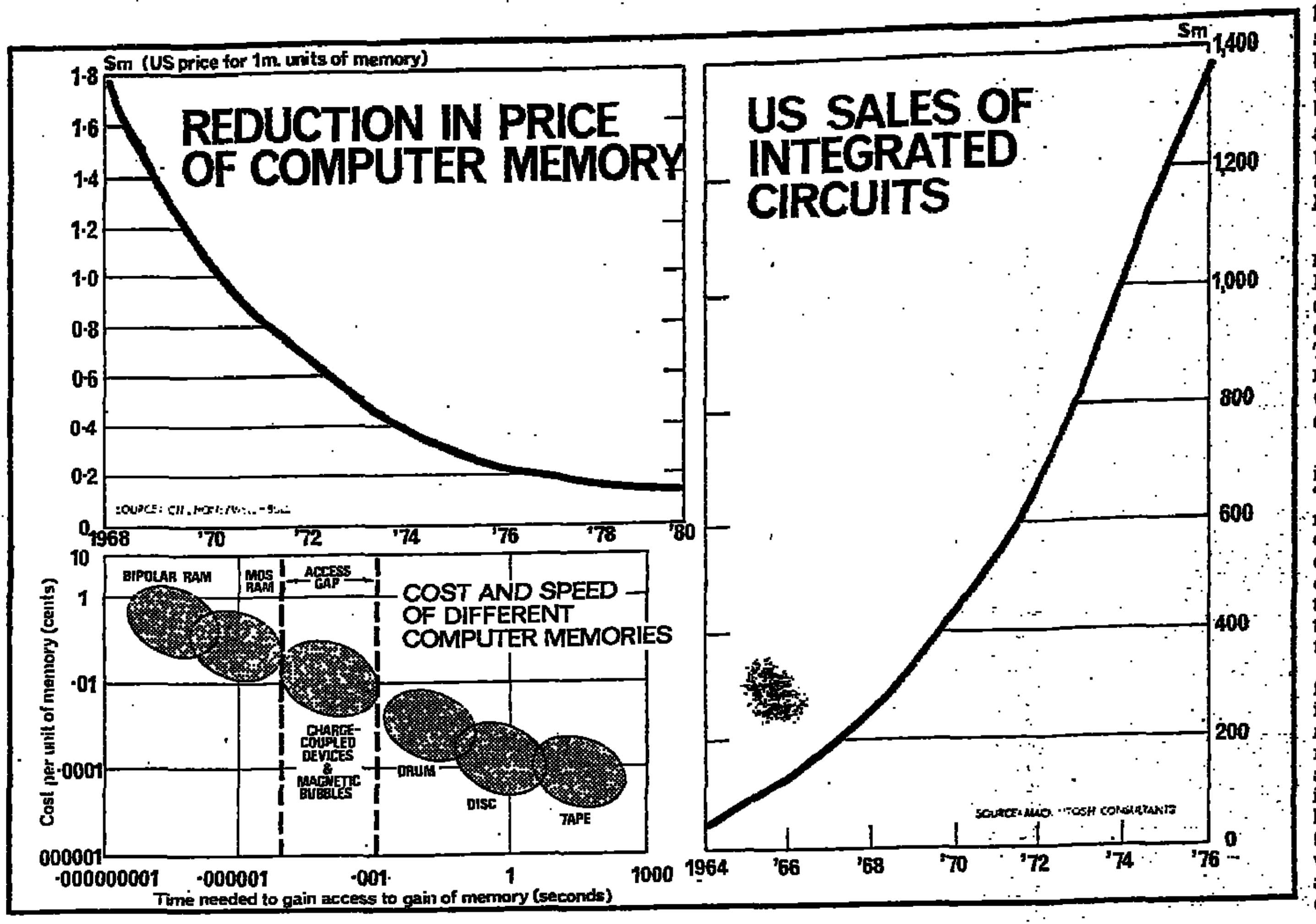
China's reasons for looking for further foreign finance lie in the massive investment programme over the next seven years that Chairman Hua Kuo-feng announced to the National People's Congress in March. To recapture the high growth rates of before the Cultural Revolution and in an effort to make China a major economic power before the end of the century, Chairman Hua rolled off a formidable list of large-scale projects—steel mills, power stations, rail networks, ports, oil and gas schemes and mineral development. To this should be added an increasingly ambitious military build-up. The number of Chinese missions shopping for equipment abroad are a firm indication that the Chinese are serious about their declared intentions to purchase foreign technology. Relatively few contracts have as yet been signed but a good many are in the pipe-line.

Need for finance

How much in practice China will want to borrow abroad to fulfil its dreams is inevitably pure guesswork. Its demand for capital goods will be limited by the capacity of China's ports, roads and managerial skills to handle such a massive programme in so short a time. It will try to buy as much as possible on barter terms—largely the basis of the recent $20bn agreement with Japan. It has had an average trade surplus over the past two years of nearly $1bn a year, and foreign exchange reserves are currently estimated to be between $2-$4bn—meaning that China is running a comfortable external account. On the record of its other commercial transactions, China's approach to new borrowing is likely to be cautious. There will be no grand leap into the international markets as many banks would like.

Race for the $5bn computer memory market

BY MAX WILKINSON



THE RACE to perfect new types of computer memory promises to be one of the most exciting commercial events of the next few years. The winners will be difficult to predict; large fortunes will be lost and won; and the final result will have implications for the whole of the business world.

The competition has become of particular interest to the British taxpayer because of the decision by the National Enterprise Board to place a £50m stake on an outsider with no previous form. The Board's money will be used to sponsor a new semi-conductor company which intends to move straight up among the front runners from the U.S. and Japan, now jostling for position in a rapidly expanding market.

The NEB's main objective appears to be to produce a computer memory with the cryptic name of a 64k MOS RAM. In plain terms this is a tiny chip of silicon on which is etched 64,000 microscopic memory cells.

However, the MOS RAM (the acronym of metal oxide silicon random access memory) is only one of a range of different types of memory including two new contenders, bubble memories and charge-coupled devices, which have on the face of it great possibilities.

The civil servants and politicians who are now having to become experts in the complexities of semi-conductor production have therefore to decide not merely whether the NEB can win the 64k RAM race but whether that is the right competition to enter in the first place.

A further difficulty for any newcomer is that microelectronic technologies are moving so fast that the established companies can afford to lower prices 35 to 40 per cent a year. To make life as difficult as possible for their rivals, they often lower prices well before they have gained the advantage of volume production or a technical breakthrough.

Big companies like Texas Instruments can afford to carry heavy losses for a while on a particular product, which they recoup from profits on other lines. This highly sophisticated form of gambling on future markets obviously carried great danger for a small company like that which the NEB appears to envisage. Details of its proposal have not been announced.

Unless it can rapidly outpace the competition either in design or production techniques it could easily find itself at the losing end of a ruthless international price war aimed specifically at its products.

This market, including all forms of computer storage, is growing at the rate of about 25 per cent a year and is now estimated to be about $5bn a year worldwide.

Only a few years ago memories could be divided neatly into two types: the core memory which stored information at the very heart of a computer, and magnetic tapes and discs holding large back-up files of data and programmes. Core memory consisted of large numbers of iron rings with a network of wires criss-crossing through them. Each ring could be magnetised or de-magnetised to store a single "on/off" digit of information. The great advantage of core memory was that the computer could extract information from it extremely rapidly.

Although core memories are still used, they are being superseded by different types of semi-conductor memories which store information in thousands of transistor switches. In a random access memory (RAM) the computer can turn each switch "on" or "off" individually. It can also find out whether any switch is on or off with lightning rapidity.

The most expensive RAMs, called Bipolar, allow the computer to gain access to stored information in a few billionths of a second. The metal oxide silicon (MOS) RAM is a cheaper type which allows access to information in a few millionths of a second.

At the other end of the scale, magnetic tape units can store a given quantity of information for about a ten-thousandth of the cost of the most expensive semi-conductors. However it may take the computer several minutes to obtain the information it requires from a tape; so this type of storage is only suitable for files which can be loaded onto a faster central memory for processing. Magnetic discs and drums, though more expensive, allow more rapid access to the information. Access time is measured in hundredths or even thousandths of a second.

None of these magnetic storage systems, however, allows random access to the information. The computer can only obtain the data in a serial fashion—that is, in the order in which it was stored.

Great excitement is now being generated in the computer world by the emergence of two new types of memory whose price and performance lie somewhere between those of the fast, expensive RAMs and the cheaper bulk storage devices.

One of them is the charge-coupled device or CCD which is fabricated in much the same way as other silicon chips. Fairchild, Texas Instruments and Intel have all invested heavily in the development of CCDs because they seem capable of storing data for about a third of the price of the present RAMs. The CCD's advantage is that it is a basically simpler design, so that memory cells can be packed more densely, but it is slower and does not allow random access.

The other contender in the area between fast and slow storage is the magnetic bubble memory, which has attracted even heavier investment than the CCD. Texas Instruments and Rockwell International, the leaders in this field, are believed to have invested some $25m in bubbles, which already offer the prospect of storing more than 1m pieces of information in a device the size of a domino. Other U.S. companies competing in the development of bubble technology include International Business Machines, Intel, the giant American Telephone and Telegraph, National Semiconductor and Sperry Univac. In Japan, Fujitsu and Hitachi have joined the race and in Europe Plessey and Philips are also doing work on bubbles. Total research into the subject is probably of the order of £100m to date.

The amazing possibilities of bubble memories can be gauged from the fact that AT and T's Bell Laboratories, which invented the idea in 1967, believes that in the next decade bubbles will be able to store 100m bits of information on a single chip.

Even greater densities than this appear to be thoretically possible. A chip which could store this amount of information (equivalent to 20 to 30 novels) would clearly make a huge dent in the market for magnetic discs, and might even displace tapes. A large range of other possible uses is also opening up in telecommunications and office equipment.

Both magnetic bubble memories and CCD have the basic advantage over rival methods of storage that they have no moving parts. Consequently they should be more reliable than discs which are always liable to mechanical failure.

Bubbles are already appearing on the market in limited quantities. Texas Instruments is marketing a device which stores about 100,000 bits of information.

However, the theoretical advantages of a new memory device are not enough to assure it of a market in a rapidly changing world. Everything depends upon producing large enough quantities at the right price at the right time.

Thus CCD memories now have only a relatively small lead over the rival MOS technology. Fairchild, for example, one of the leaders in CCD, found, when it introduced a 16,000 element CCD memory that a 16k MOS RAM was well on the way to development, by Intel.

To keep ahead, Fairchild moved up to a 64,000-bit CCD, which has been available since the end of last year. But in spite of the fact that MOS technology is inherently more difficult, a 64k MOS RAM has already been produced in sample quantities by Fujitsu in Japan, and leading U.S. companies including Intel are expected to follow suit this year.

A similar battle is being waged at the top end of the market between the MOS RAM and the faster, more expensive Bipolar RAM. This is happening because of the natural tendency in electronics for anything smaller to work faster.

Hence, as the circuit elements are reduced in size by about half each year, the MOS RAMs are becoming faster and faster. They are now beginning to challenge bipolar technology for speed. But it would be a rash man who ruled out the possibility of MOS circuits being squeezed out between fast bipolars on the one hand and the high capacity CCDs and bubbles on the other. In fact, almost anything is possible as the technologies move into the undiscovered country of million-bit chips.

Unlike the CCD, which is made on the same production lines as other integrated circuits, bubble memories depend on a new technology. They are made from wafers of non-magnetic garnet gem on which is deposited a thin film of magnetic garnet.

The film can be made to break into small domains or "bubbles" of magnetised material, each about a millionth of a metre wide. These bubbles can be moved through the crystal by electromagnetism so that they give their information to minute sensors deposited on top of the crystal.

The big commercial problem facing bubble memory makers is that 100,000 bits per device may not be enough, however remarkable the technical achievement. To start competing with magnetic discs, the bubbles must cost less than a thousandth of a cent per bit, which implies that the first shot at this market must be with chips able to store 1m bits.

Bubbles and CCDs are therefore coming up against the familiar chicken-and-egg problem of the industry defined by what is called the "learning curve." This curve expresses the fact that as the volume of production builds up costs are greatly reduced. On top of that, increasing densities of components are steadily reducing the cost per bit of memory.

The extreme sensitivity to volume stems from the fact that the semiconductor manufacturing process is inherently wasteful. Perhaps 60 per cent of chips produced (depending on their complexity) are found to have defects and have to be thrown away.

Constant efforts are being made to improve the proportion of good chips by refining production processes and by altering the design of the circuits themselves. All this fine-tuning requires a high volume market over which the very high costs of early failures can be spread.

Unless demand builds up within a few years, manufacturers are likely to find the cost of "riding the learning curve" prohibitive. Even when the design of a new product is excellent and the production technology is first class, the exact timing of its introduction to the market can be the factor which decides success or failure.

For these reasons it is not over-fanciful to liken the market which the National Enterprise Board proposes to enter to an egg and spoon race along a high wire. To succeed, it will need luck, good management, a great deal of money and a shrewd eye to the future.

MEN AND MATTERS

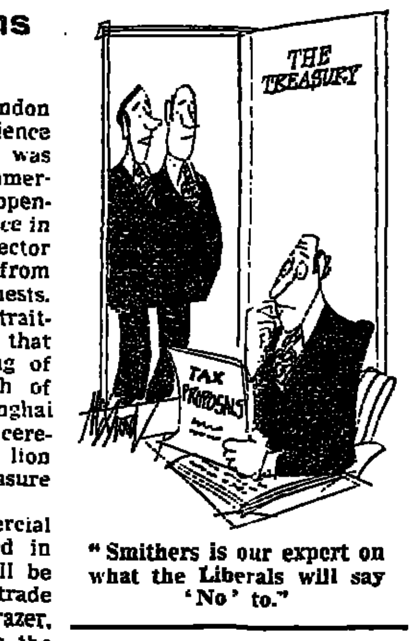
Chinese lanterns in the City

The Plaisterers' Hall in London Wall had an Oriental ambience last night. A reception was held by the Shanghai Commercial Bank to celebrate the opening of its representative office in the City; managing director K. K. Chen had flown over from Hong Kong to greet the guests. It was, perhaps, more strait-laced than the junketings that marked the recent opening of the Gerrard Street branch of the Hongkong and Shanghai Banking Corporation—a ceremonial Chinese dancing lion was brought out then to ensure good luck.

But the Shanghai Commercial is not primarily interested in retail business. "We shall be most concerned with trade financing," says Jock Frazer, who brings to his task as the bank's adviser 40 years' experience in Far East banking—latterly with NatWest. "There is a growing relationship between the Hong Kong textile industry and the EEC to look after." Understandably, the Shanghai Commercial Bank—which has 18 branches in its home base and one in San Francisco—hopes eventually to receive Bank of England permission to start a full branch office.

A contrasting policy is being pursued by the Bank of China. In a few weeks it will be opening up in Shaftesbury Avenue, to establish a presence among the Chinese restaurateurs of Soho. Political factors apart, there is a big—and rewarding—flow of remittances to the East.

The Bank of China will be competing for the patronage of the Gerrard Street community with the Overseas Trust Bank, which has been in Old Compton Street for five years, as well as the Hongkong and Shanghai. Yet the experience of the Dao Heng Bank is a reminder that there is sour as well as sweet on the Soho menu. The Dao Heng, owned by Grindlays, quietly faded out at the end of last year after being the banking pioneer in Gerrard Street. I asked a Grindlays official what went wrong. "Business never came up to their expectations." In a bid to lighten the gloom he added: "Perhaps it was their habit of celebrating the Chinese New Year by hanging pound notes wrapped in cabbage leaves out of the bank's windows on pieces of string."



"Smithers is our expert on what the Liberals will say 'No' to."

Over an oil barrel

Who has been twisting whose arm? Only two months ago, George Keller, vice-chairman of the Standard Oil of California (SOCAL) was publicly attacking the Government's North Sea policies — the British National Oil Corporation's role in particular. Now he has written to Dr. Dickson Mabon, Minister of State for Energy, in quite a different tone. The Energy Department yesterday made public a letter from Keller saying how pleased he is to learn that the northern production platform destined for the Ninian Field has been built in just one year, without serious industrial action. (SOCAL's Chevron company is developing the Ninian Field, due on stream later this year.) "We recognise this as a significant goal in the development of Ninian and I would like to express my thanks to you for the part you have played in helping us solve some of the very difficult day-to-day problems that interfere with the progress of the work," writes Keller.

I hear that he recently changed the schedule of a Middle East trip to visit Lord Kearton, chairman of the British National Oil Corporation, to explain why he had made his attack on a late night TV show. That visit, and the subsequent letter, might not be unrelated to Chevron's interest in obtaining further North Sea oil exploration concessions in the forthcoming sixth round of licences.

Health check

The thirtieth anniversary of the founding of the National Health Services has been accompanied by moans of gloom: 600,000 people are awaiting operations, facilities are inadequate, doctors and nurses overworked and underpaid, and the only growth sector is the bureaucracy. But at least the Trades Union Congress has a brighter view. "The trade union and labour movement is enormously proud . . . We have been its staunchest friends," I heard David Lea, Assistant General Secretary of the TUC, tell a conference on the NHS at Congress House yesterday.

Lea complained to me later that the media often suggested that health workers "wilfully ignore the interests of the patient." Two-thirds of hospital staff are unionists and they should not be treated as second-class citizens in industrial disputes, he added.

Some 200 unionists attended the conference. In the past, several of the unions have been at daggers drawn in their fight to win members in the health services, but yesterday the delegates were united in criticising the NHS "as a friend would a friend" and in calling for more expenditure on health.

Figures were quoted to show that Britain comes below all the original members of the EEC in public expenditure on health per head of population. The first applause came for a forceful speech on just this point by Douglas Hoyle, a Labour MP. The delegates warmed to an attack on the "enormous profits" of the pharmaceutical companies. They also were told that the children of poorer families are twice as likely to die as those from richer homes; that Britain now lags behind some West European countries in child mortality; and that 48 per cent of the hospitals were built before 1918—6.5 per cent pre-date the Great Exhibition of 1851.

But sadly, the Secretary of State for Social Services, David Ennals, could not be present to hear TUC speakers say how unionists must change all this. He was ill.

Cold light

In a recent conference with his senior executives, a main board director of a leading British supermarket group stressed the importance of distinguishing clearly between fact and fiction. To illustrate his point he said: "The following three statements are always fiction:

"Of course I'll still love you in the morning";

"The cheque is in the post";

"We're from head office. We're here to help you."

Observer

POLITICS TODAY

Putting Disraeli into blue jeans

"MY NAME'S Sue," says the girl apologetically, "but they've got me down as Susan." And over there there's Dave reading the Guardian, and Steve in jeans. An intense-looking female clutches a copy of New Society. The jeans are outnumbered, but only by about two to one, and in fact nobody seems to notice who is wearing what.

People are discussing the motions, which include a call for sanctions against South Africa and the removal of the charitable status of Public Schools. There is also some talk of an emergency resolution on Ulster.

This is not some offshoot of the Labour Party in the late 1950s or early 1960s. It is the Tory Reform Group holding its first residential conference in Cambridge last week-end.

To the outside observer other oddities abound. In the formal proceedings, for example, Mrs. Thatcher is mentioned only once, and even that reference comes from Mr. Robert Rhodes James, the Tory MP for Cambridge, who is not a member of the Reform Group. After dinner, however, the group plays its own party political broadcast. It includes the following exchange.

Question: Is it true that Mrs. Thatcher is behind you?

Answer: Yes, about 10 years.

There is very little mention of the forthcoming General Election. The assumption seems to be that Mrs. Thatcher is just a passing phase, an aberration from the Tory "One Nation" tradition that goes back through Macleod, Butler, and Macmillan to Disraeli. If, by any chance, the Tories under Mrs. Thatcher win the election—and clearly many in the Tory Reform Group think that they will not and cannot—it will be necessary to educate her in the more traditional Tory ways. If, on the other hand, they lose, Mrs. Thatcher will be out and the party will find a new leader more suited both to tradition and the times.

In other words, the Reform Group is talking about strategy and not tactics, and a fairly long-term strategy at that. The aim is to keep alive the "One Nation" idea.

The group in itself is at present of no great significance and contains more than an element of mere trendiness. Its membership is minute—perhaps 340 at the national level, and maybe another 800 or so in local and especially university associations. (The University of Cambridge Group alone claims a membership of 175.) But the figures do represent a doubling in the past few months.

Deviationist

There are two possible explanations for the increase. One is that it was only in the past few months that Mrs. Thatcher went off on her deviationist path, thus provoking a left-wing Tory reaction. The other is that the Group has a new leadership. The new national chairman of the TRG, as they insist on calling it, is Mr. Gerry Wade, a personal assistant to the late Iain Macleod. Mr. Wade has a network of contacts among former Young Conservatives, members of the Federation of Conservative Students and whizz-kids of pre-Thatcher Toryism, which he is now exploiting.

There is also a mildly conspiratorial element. The Political Companion, one of the guide booklets to British politics, lists more or less in full the MPs who belong to the various party factions such as the Tribune Group or the Fabian Society on the Labour side, and the Bow Group and the Monday Club on the Tory side. The entry submitted by the TRG, however, about its parliamentary adherants runs simply: "this Group will supply this information when it is ready for publication."

One explanation offered for that is modesty: that is, the number of Tory MPs supporting the TRG was too embarrassingly small to print. Another is that the TRG did not want to have to include the whole of its MP entourage on its letterhead, as has happened to other Tory groupings. (Their letterheads in fact, have become a political statement in themselves). But the real reason seems to be that an awful lot of MPs want to hedge their bets. Many of them would be prepared to go along with the Reform Group in principle, but not in public.

None of that goes, of course, for the Group's leaders. Its patron is Mr. Peter Walker and its president Mr. Nicholas Scott. Mr. Scott, like Mr. Wade, was once an assistant to Iain Macleod. The list of vice-presidents reads like a roll call of the Tory Left. It includes Lord Boyle, Lord—the former Robert—Carr, Lord Carrington, Sir Ian Gilmour, and Mr. William Whitelaw. The latest recruit is Lord Butler, who has just retired as Master of Trinity. It is true that none of these people appear to do very much, but they do provide a formidable umbrella for the Group's activities.

As for ordinary members among MPs there is said to be a list of some 55-60 sympathisers, including some 25-30 who have actually paid their subscription. Among the former is Mr. Francis Pym, the most senior member of Mrs. Thatcher's team to address last weekend's meeting and now her most likely successor. Among the latter is Mrs. Linda Chalker, the only MP to attend the whole of the session in Cambridge. Tory MPs are not encouraged to identify themselves with the party groups, so Mrs. Chalker's presence was something of a political act.

Disraeli apart, the most formative influence seems to be Mr. Harold Macmillan. Some of our members, it is explained, are too young to remember Macleod, but they have seen Macmillan and heard him speak. It appears that the former Prime Minister is still active at university gatherings and dinners, and indeed it was remarked last weekend was an appropriate time for the TRG conference because it coincided with the 40th anniversary of the publication of his book The Middle Way.

So what does the group do? The answer to that question is: so far not a great deal. But it is only just beginning to get down to serious work and the group is nothing if not ambitious. "By this time next year," says a member of the National Executive, "we would hope to be dictating the political debate." The themes are familiar, though perhaps less so coming from Tories: electoral and constitutional reform, the use and expansion of leisure, the inner cities, community relations and, of course, Europe.

The future of the Group seems to me to depend in large part on the outcome of the general election. If Mrs. Thatcher loses and it comes—as one involved Tory MP puts it—to "the real battle for the soul of the party" the TRG will undoubtedly be a key factor. It will be argued that the party lost because it moved too far to the right and away from the concept of "One Nation." But if she wins, although the fight will go on, she will have gone some way towards demonstrating that the Tory Reform Group is the ghost of the past rather than the wave of the future.

There are also some wider points. One only has to talk briefly to Conservative MPs to realise how deep the rifts in the party now are, and to reflect how different it might have been. Mr. Edward Heath may be a special case, but how is it that Mrs. Thatcher can go on keeping out Mr. Peter Walker? How is it that so many of the party's elder statesmen—Lord Butler, Lord Hailsham, Lord Home and Mr. Macmillan—are opposed in varying degrees to Mrs. Thatcher's approach? Mrs. Thatcher, in short, has gone off *with a vision of her own that in* no way corresponds to the party's idea of the best of its past.

Continuing gap

The word this week from some, though by no means all, Tory MPs was that the struggles now are over. The election manifesto is almost complete and is solidly based on The Right Approach and The Right Approach to the Economy. Mrs. Thatcher, it is said, has decided to return to the path of moderation. But there remain a number of doubts. Her recent remarks on Ulster, for instance, suggest that she has still not accepted the principle of power-sharing. There is the continuing gap between Mr. Norman St. John-Stevas and Dr. Rhodes Boyson on education. ("Are you a St. John-Stevas or a Boyson Man?" MPs report being asked in their constituencies.)

There are also fears about what Mrs. Thatcher and her closest supporters might say in the heat of the election campaign. Above all, there is the fear that Labour has been given too much ammunition. Mr. Callaghan can say: "Mr. Prior, Mr. Pym, Mr. Whitelaw are all right, but do you really want Mrs. Thatcher, Sir Keith Joseph and his henchmen; for it is they who rule the Conservative Party?" It is a curious reversal of the Tory approach that Mr. Callaghan may not be bad — but look at the lefties behind him.

Nevertheless, if Mrs. Thatcher does win after all, the immediate litmus test to be applied by the Tory Left will be what happens to Sir Keith. It is assumed that she would now need a very big majority indeed to risk making him Chancellor of the Exchequer. But there could be other roles for him which the Left would regard as almost as worrying. For instance, he could go to the "Think Tank" as part of a kind of merger between that body and his present Centre for Policy Studies. Or he could become Chancellor of the Duchy of Lancaster, a sort of Tory Harold Lever whom the Leader consults on all the basic questions of economic policy. There are many possible variations on that theme, but the point is that it is the fate of Sir Keith that will determine the Tory Left's first view of a Thatcher Government.

There is one other appointment which excites considerable interest, and that is Northern Ireland. Will it be Mr. Airey Neave or Mr. John Biggs-Davison, or should it not be Sir Ian Gilmour or even Mr. Pym, who briefly succeeded Mr. Whitelaw in the last months of the Heath Administration? Again, the choice will be taken as one of the first indicators of the course a Thatcher Government intends to take.

Up to now the Left's strength has been the belief that when it comes to Cabinet-making, Mrs. Thatcher cannot afford to overlook them. She cannot, for instance, easily make Mr. Norman Tebbit—the Tories' Dennis Skinner—Home Secretary, nor Dr. Boyson either. In the end she will have to fall back on the Left, most of whom also happen to be Heathmen. But the test is very near and in the past few months Mrs. Thatcher's feelings towards the Left have not been exactly warm. The only real certainties are that if she loses, she will be out, and that the nucleus of a Tory Party reborn from its old traditons remains.

Malcolm Rutherford

Letters to the Editor

Prospects for automation

From Mr. J. Mills

Sir,—In recent weeks much publicity has been given to proposals for establishing in UK a manufacturer of general-purpose microelectronic circuits. As you indicated in your leading article on June 26, there are several ways in which this might be done, ranging from setting up a new company under the National Enterprise Board to a joint venture with one of the foreign companies already established in the business. All concerned with microelectronics will welcome the importance that now seems to be widely accorded to this matter.

I would like to put some emphasis on a related issue to which you made reference in your leader. A microelectronics production capability will not in itself assist the user industries or bring about the introduction into both the manufacturing and service sides of industry the new levels of automation to which Max Wilkinson referred in his article on June 14.

While some may argue that success in such areas may be independent of the source (i.e., UK or foreign) of microelectronic production, there is no doubt at all that it will be critically dependent upon an indigenous supply of capable systems analysts and experts in computer software development. To rely upon foreign sources for such people and for complete systems of hardware and software would be to condemn large areas of our industries to lagging at least one generation behind our major rivals overseas.

As the computer industry knows well, high quality systems and software staff, fully trained and inventive, are in desperately short supply and it is difficult to devise steps aimed at increasing the numbers available. The solution lies not only in yet another "retraining programme," nor only in enlarging relevant schools in the universities or colleges of technology, though such steps may be contributors; the problem is much more difficult than this. Nevertheless the need is urgent and should not be obscured by the microelectronics issue.

A second problem lies in what must prove to be the very high costs of introducing the new levels of automation. These will cover systems studies, often at the individual factory level, consequential software system development, hardware procurement and commissioning and subsequent updating programmes. Taken across industry, costs will far exceed any of those mentioned recently in the microelectronics debate. As Max Wilkinson implied, it is time now for a start to be made on such a programme even though this is a time when industry does not have available large sums for investment in re-equipment. Here again is a difficult problem and one which will need to be tackled by both Government and industry.

After a period of 10 or 12 years in which the implications of microelectronic technology have been clear to many specialists but in which little decisive action has been taken we are now at what may prove to be the point in time when a clear choice has to be made: is the UK to move into the new age of microelectronic-based automation or to drop out of the productivity race?

J. R. Mills.
Little Chewton,
Chewton Farm Road,
Highcliffe.
Christchurch, Dorset.

Outlook for Europe

From the Deputy Chairman, Conservative Commonwealth and Overseas Council

Sir,—Mr. Malcolm Rutherford in his article on the reluctant Europeans of Britain (June 23) draws attention to the May findings of Market Opinion Research International that if another referendum were to be held 48 per cent of the electorate would want the UK to withdraw from the European Community. It is, however, a reasonable assumption that of this 48 per cent many people, particularly Conservative voters, also support the policy put forward by Mrs. Margaret Thatcher in her recent Brussels speech that the West must continue to seek understanding in its relations with the Soviet Union and other Communist countries while working to maintain political and military strength to hold in check the threat of Soviet expansion.

Western Europe has been at peace for 33 years which inevitably leads to the thinking that it could never happen again and one wonders, therefore, whether those who at present favour our withdrawal fully appreciate the extent to which such a policy would be potentially disastrous to the future security of the West.

At a time when the balance of power is shifting increasingly in favour of the Soviet Union it would be interpreted by hawks in the Kremlin as a sure sign of disunity and lack of political will. Furthermore, our withdrawal would be seen as an inability to sustain an effective and extensive pooling of economic resources by the major Western powers, which would undermine not only the credibility of the free enterprise capitalist system, but also the political credibility of Christian Democrat, Conservative and Centre Right Parties in their efforts to counter the influence of the Socialist International throughout Western Europe.

Inevitably, there would be a slowing down, if not an abrupt halt, of the impetus towards the creation of an effective alliance of Centre Right Parties in Western Europe. At a time of the ascendancy of isolationist sentiment in the U.S., it could well weaken the Atlantic Alliance and would almost certainly put an end to any hope of a common European defence procurement policy, with all its potential savings to national defence budgets.

When all the above factors in the context of the security of the West are taken into account it becomes clear that one cannot possibly reconcile a policy of withdrawal from the Community while supporting the concept of the West working to maintain political and military strength to hold in check the threat of Soviet expansion.

Mr. Rutherford also makes the point that the 48 per cent of the electorate in their wish to withdraw are making the Community the scapegoat for our poor economic performance. I would suggest, however, that is not, perhaps, the whole story. The aftermath of the 1973 oil crisis, creating disarray in monetary systems, coupled with a world wide trade recession, has virtually halted any further major development in the structure of the Community. In short it is marking time and passing through political and economic strains that could not be foreseen at the time of our entry.

Furthermore, the wish of 48 per cent of the electorate to withdraw must also in some measure reflect the subconscious frustration of any direct political leverage on the workings of the institutions of the Community which will not be achieved until the directly elected European Parliament comes into being.

The political debate during the forthcoming direct elections will focus attention on the long term potential of the Community to raise and deploy funds for the reconstruction of European industry and the relief of unemployment, as well as filling the vacuum created by the withdrawal of the U.S. from the major role it has played in world affairs since the last war. I suggest that when the electorate weighs these considerations in the balance against the potential dangers of withdrawal, the spring of 1979 will see a considerable change of sentiment towards the Community.

David Bagnell.
East Worldham House,
Alton, Hants.

Protectionist EEC

From Mr. N. Bilitch

Sir,—Protesting his adherence to a belief in free trade, the chairman of the London European Society (June 26) belies such a virtuous claim by indulging in an orgy of special pleading as to why the EEC must protect steel, agriculture and textiles for starters.

If he loves New Zealand so much he should reject the common agricultural policy—lock, stock and barrel! Instead of subscribing to the fraudulent nonsense of the Lomé Convention, he would perform a service to the developing countries by supporting free entry for their textiles to the benefit of 50m UK consumers, rather than boasting about European aid which is no more than hush-money paid out of the taxpayers income.

British industry needs cheap steel; if Europe cannot supply it, let others do it. The British housewife needs to keep her food bill under control; then allow New Zealand, Australia, Canada and the U.S. to provide her with inexpensive food. I would like to buy my shirts, suits and underwear from those who will offer me a bargain; Mr. Derek Prag thinks this a most unreasonable request, and that in the interests of European harmony I must learn to pay through the nose for these necessities, and like a "good" European learn to lump it!

No! Mr. Newton Jones is right! There is an abundance of cheap food, clothes, steel, etc., around the world, but a perverse, monopolistic and protectionist EEC is set on keeping it at arms length from the British consumer and those native industrialists who also require cheap material stocks, if they are to remain competitive in the world at large.

N. A. Bilitch.
6 Rusholme Road,
Putney, SW15.

Imports of drugs

From Mr. C. Fell

Sir,—Because of the monopoly buying powers of the UK Government in the supply of drugs to the NHS and the legality under British law of manufacturer-maintained dual pricing (different prices for the same goods in home and export markets) British drug prices for many years were markedly lower than world prices. A probable consequence of this was that in the 1950s and early 1960s imports of drugs were about 17 per cent of the value of exports and we enjoyed a healthy and seemingly secure favourable trade balance in pharmaceuticals.

For about five years I have attempted to draw public attention to the effect upon the trade balances and drug cost to the NHS of continued membership of the Common Market. The Common Market makes manufacturer enforced dual pricing illegal; the phenomenon now known as "parallel exporting" has arisen as a direct consequence.

The problem in essence was that prior to EEC membership a manufacturer could sell a product for £10 to a customer in the UK and legally prohibit the purchaser from exporting it. Since UK prices were lower than world prices the manufacturer could sell the same product for £20 or £30 for export. The Treaty of Rome, primarily article 85, probibits such price differentiation. As a direct consequence of this parallel exporters found it profiable to buy pharmaceuticals in the UK, at the low UK price, and sell them in competition with the original manufacturers in export markets. Manufacturers were therefore under pressure to raise their UK home prices. In addition the UK Government were under similar pressure to permit home price increases in an attempt to reduce the differential between home and export prices. Since there is a considerable scope for product interchange in chemotherapy the price of imports would rise in line with home prices.

During the period 1967 to 1977 UK drug prices at wholesale level rose 280 per cent. During the same period the retail price index for all goods rose 190 per cent. From a base of 1970=100 the terms of trade in pharmaceuticals fell to 70 in 1977 while the terms of trade applying to the economy as a whole fell to 81. The general terms of trade were much more affected by the oil price explosion than were the terms in pharmaceuticals. In 1977 pharmaceutical imports as a proportion of exports were about 38 per cent and our favourable trade balance while still substantial is certainly less secure than formerly. During the next decade if the trend continues it could vanish. In the U.S. during the same period, 1967 to 1977, according to the U.S. Bureau of Labour wholesale drug prices rose 25 per cent while the consumer price index rose 81 per cent.

It would be interesting to know if other industries have experienced similar effects as a result of the change in the control exercisable by manufacturers over the resale price of their products.

C. J. Fell.
Crown House, Newport, Essex.

Minting coins

From the Chairman, Pobjoy Mint

Sir,—The article by David Lascelles entitled "An end to all the glisters" (May 27) contains several points which, I feel require comment, especially since my company might be regarded as one of the "other competitors in the field," though we have been in the business of minting coins, tokens and medals for many years—before the advent of the Franklin Mint.

It is unquestionable that the Franklin Mint woke everyone's ideas up regarding both production and marketing techniques, and no one can deny that they raised the standards of medallic production considerably. We, at Pobjoy Mint, like to think that we have surpassed them with our multi-striking techniques which give our products such a matchless appearance.

Where uncertainty would seem to have been created in the first instance, however, is in the method used by the Franklin Mint to limit editions—not by a stated number as we do, but by using a cut-off date. Theoretically at least, an edition limited by such a time factor could, in fact, run to many millions, let alone thousands—the on-going saga of the Silver Jubilee crowns struck at the Royal Mint is a case in point. From the collector's or investor's viewpoint, this kind of limited edition is something of a gamble, whereas an edition with a finite number gives the collector a measure of confidence in the issue. We strictly adhere to this principle and though it might be tempting to go beyond the number when our issues are oversubscribed, we stick rigidly to the limits set, usually by legislation of the issuing country. As a result we have seen some of the recent coins of Isle of Man, such as last year's "Crown of crowns," double in value.

A fundamental point which Mr. Lascelles has overlooked is that collector's pieces which are not backed by a genuine circulating legal tender issue are regarded in coin catalogues as pseudo-coins and either ignored or relegated to an appendix. It is a moot point to what extent any of the coins struck by the Franklin Mint in the past 14 years ever went into genuine circulation and it is this vital factor which, I feel, has tended to raise thesuspicions of collectors and alienate their interests. Precious metal versions in silver, gold and platinum have a vital and important role in modern numismatics, but without the backing of base metal circulating coinage their status is open to question.

Derek Pobjoy.
Mint House, Oldfields Road,
Sutton, Surrey.

Airports link

From Mr. A. Franks

Sir,—British Airports has advertised widely the new Gatwick/Heathrow airlink. Included in the advertisement is a statement that "flights are timed to coincide with peak international arrivals and departures at both airports."

Recently I wished to make a booking to travel by this service to Heathrow to connect with a flight to New York but I was told that it is not possible to book and that no arangements are available to transfer luggage from the helicopter to the on-going inter-continental flight. This being the case, I cannot rely on being able to board the flight which connects with my flight out of Heathrow.

Can British Airports please tell me how, if I am not allowed to book, it is going to make my flight connections "a whole lot simpler," as stated in the advertisement.

A. K. S. Franks,
Becketts,
Matfield.
Tonbridge, Kent.

Time to deliver a letter

From Mr. Norman Dorrington

Sir,—Discrepancy in times taken to transmit the second-class post is shown by my record over the last 12 delivery days when eleven items of mail, all posted in England, were received.

Three items took two days, one three days, one four days, two five days, three six days and one eight days. The three taking six days were from Luton, Tonbridge and Ilford. The record eight-days one was from Bromley.

I have excluded six items which bore no PO stamp. A further ten items of first class were all delivered the following day.

Sir William Barlow could turn his attention to improving the second-class post now that he has been thwarted in other directions by the Trade Union.

Norman Dorrington.
31, Mayfield Road,
Timperley, Altrincham, Cheshire.

Today's Events

GENERAL

Prime Minister addresses Confederation of Shipbuilding and Engineering Unions' conference, Eastbourne.

Mr. Walter Mondale, U.S. Vice-President, arrives in Tel Aviv.

International Air Transport Association meeting opens, Montreal.

Railway Staff National Tribunal considers ASLEF productivity claim.

Representatives of workforce at Singer's Clydebank factory discuss company's proposed job cuts with Scottish Labour MPs.

International Whaling Commission annual meeting ends, Mount Royal Hotel, W1.

Aims sponsors international conference on The Revival of Freedom and Enterprise, opening at Washington Hotel, W1 (until July 3).

Football Association summer meeting, Bournemouth.

Rugby League annual meeting, Blackpool.

PARLIAMENTARY BUSINESS

House of Commons: Motion on Northern Ireland (Emergency Provisions) Act 1978 (Continuance) Order: and on Northern Ireland Act 1974 (Interim Period Extension) Order.

House of Lords: Inner Urban Areas Bill, report stage. Independent Broadcasting Authority Bill, committee.

COMPANY RESULTS

Final dividend: National Carbonising. Interim dividend: Whatlings.

COMPANY MEETINGS

Advance Laundries, Stratton House, Stratton Street, W., 12. Ayrshire Metal Products, Ayrshire, 4.30. Headlam Sims and Coggins, 5, Albemarle Street, W., 11. Hield Bros., Bradford, 12. Hill (Charles), Bristol, 11. Hoeroft Trust, 25, Milk Street, EC, 11.45. Hunting Gibson, 113-127, Park Lane, W., 10.15. Keyser Ullmann, 25, Milk Street, EC, 12. Lesney Products, Tower Hotel, E., 12. Mentmore Manufacturing, Winchester House, EC, 12. More O'Ferrall, Brown's Hotel, W., 12. Melville Dundas and Whitson, Glasgow, 12. Sabah Timber, 1-4 Great Tower Street, EC, 11.30. Scottish Ontario Investment, Edinburgh, 12.30. Selincourt, White House, Albany Street, NW, 11.

COMPANY NEWS + COMMENT

Overseas fall leaves Renold £2m down

FALL in overseas companies' profits from £6.49m to £4.27m left pre-tax profits of Renold down by £2m at £10.37m for the April 2, 1978 year, on external sales of £113.5m compared with £116.2m last time.

At halfway, Renold was down from £5.68m to £5.04m but the directors said that some improvement in results was likely during the second half.

To some extent, Mr. Leslie Tolley, chairman, says, the stagnation in world economic activity, having a depressive effect on the demand for group products, was anticipated. And, as a result of action taken earlier, the performance of the UK companies was safeguarded; trading profit was slightly at £8.7m (£8.62m).

However, overseas there was a reduction in almost all countries. The actions were taken to counteract the sluggishness of industrial demand and output and the deterioration in the economic conditions of the countries concerned, Mr. Tolley says that the benefits are not yet reflected in results.

He says that it is difficult to be positive about trends in the immediate future for products whose demand stems from the need to expand and modernise old manufacturing capacity. However, some sections of Renold business are showing signs of improved strength; new products and new applications are confidently expected to make a greater contribution in 1978-79 and subsequent years and efficiency is being improved continuously in operations both in the UK and overseas.

"We cannot forecast greatly improved results in the short term though we have no hesitation in expressing our confidence in success over the medium term," he adds.

Tax on ED19 basis was lower at £1.43m (£4.75m), after stock relief, due to higher relief for capital allowances in the UK and a reduction in overseas profits, and comprised of corporation tax of £2.28m (£2.64m) after deducting double tax relief £0.68m (£1.87m) and including unrelieved ACT, and £1.16m (£2.11m) overseas tax.

	1977-78 £000	1976-77 £000
External sales	113,498	116,162
Depreciation	3,898	3,800
Trading profit	12,972	15,102
U.K. companies	5,699	8,615
Overseas companies	4,273	6,487
Interest payable*	2,607	2,735
Profit before tax	10,365	12,367
Tax	3,434	4,746
Net profit	6,931	7,621
To minorities	28	170
Preference dividends	24	24
Extraordinary credit	57	†265
Exchange losses	1,637	†1,733
Attributable	5,289	8,935
Interim dividend	1,049	1,009
Final dividend	2,761	2,402
Supplemental for 1976-77	237	—
Retained	1,442	5,524

* Less investment income. † Debit surplus.

Balance no longer required for deferred tax, amounting to £5.73m, has been taken to reserves.

There was an extraordinary credit for the period of £57,000 (£265,000 debit) and also exchange losses on ED21 basis of £1.64m (£1.73m surplus) on net current assets of overseas companies resulting in an attributable profit down from £8.94m to £5.29m.

Directors say results of overseas companies are expressed in sterling at the exchange rate of December 31, 1977. But had the rates at April 2, 1978 applied, exchange loss would have been reduced to £0.81m.

Stated earnings per £1 share before extraordinary items and exchange differences were 17p (18.5p) and the dividend is stepped up to 9.441p (8.5442p) with a net final payment of 6.841p.

Group balance sheet shows total assets at £120.12m (£120.74m) and net current assets £56.71m (£56.12m). Shareholders funds are little changed at £96.88m (£96.18m).

● comment

Lack of demand in France and Germany, coupled with very flat trading conditions in the UK, were the key factors behind Renold's turnover and profit drop. Gross margins were squeezed by a lower throughput (in a volume sensitive business) together with increasing competition, particularly from German and French producers. Costs would have been helped by low steel and raw materials prices but these are a relatively small part of the total cost structure in comparison to wages. The outlook for the company is not particularly bright as there is no sign of any significant upturn in engineering demand in its major markets nor is there any sign of any easing of competition. The share price rose 6p yesterday to 126p and at that level it looks fully priced despite its high yield of 12 per cent (covered less than 1½ times). The p/e is 7.

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Midway loss by Johnson & Barnes

WITH TURNOVER down from £1.13m to £0.94m, **Johnson and Barnes**, the knitwear group, reports a net loss of £98,752 for the six months to December 31, 1977, compared with a £30,169 profit. For all 1976-77, a £25,459 deficit was announced.

The half-year result was struck after £48,758 (£1,422) profits on the disposal of plant and machinery, a temporary employment subsidy of £95,090 (nil) and a loss of £173,454 this time, on the closure of Azet International. There is again no tax charge.

No interim dividend is to be *paid (same)—the last payment* was 1.5640625p net in 1975 which was followed by a one-for-one scrip issue.

The directors state that the company has embarked on a policy of increasing its sales outlets and the initial response has been very encouraging.

Successful implementation of this policy would allow the company a greater degree of flexibility and has already provided an improvement in margins, they add.

The financial year-end will be extended by six months to December 31, 1978 to run concurrent with that of the holding company, Grend Central Investment Holdings.

Barker & Dobson's £0.31m

FOLLOWING THE recovery from a £511,000 loss to a profit of £22,000 in the first half, **Barker and Dobson** reports profits before tax of £312,000 for the year ended April 1, 1978, against a £649,000 deficit in the previous year. Sales totalled £41.07m compared with £41.15m.

A further loss of £391,000 (£40,000) from the retail division is disappointing, the directors say, but the recovery in the confectionery division continued strongly in the second half.

A first half turnround in confectionery from a £382,000 loss to profits of £26,000 improved to *profits of £629,000 (£687,000 loss)* at the year-end.

Within the retail division, margins in Oakeshotts deteriorated sharply, while Lewis Meeson did not achieve its anticipated profit level, the directors say.

Earnings per share are shown at 0.44p (0.92p loss). Again there is no dividend—the last payments totalled 0.85p in 1973-74.

Peak £1.7m for Weston Evans

AS FORESHADOWED at the interim stage, record profits are reported by **Weston-Evans Group** for the year to March 31, 1978 with the taxable surplus ahead by 20 per cent from £1,411,211 to £1,699,738. At midway, the *figure was higher at £668,448* against £581,332.

Mr. Fred Crosland, the chairman, reports that the group's U.S. companies have again been responsible for most of the increase in profits, mainly due to the excellent performance of Brown Products Inc. which, despite substantial competition, continues to increase sales and profits and evidences good prospects for further growth.

The UK companies produced results which are encouraging, he says, when compared with the difficult climate of industrial activity in the home trade areas and the uncertain economic conditions in the export markets they serve. Mr. Crosland feels the results achieved are most commendable.

He adds that order books indicate that the current year should produce satisfactory results once again. The strength of the group is without question, says the chairman and he faces the future with a feeling of quiet and steady confidence.

Group sales for 1977-78 rose from £11.65m to £13.98m, split as to: engineering £9.46m (£7.78m) and packaging £4.52m (£3.87m). Tax takes £897,787 (£821,145) and earnings were up *from 11p to 14.9p per 20p share.*

A final dividend of 2.13365p net lifts the total payout from 2.76042p to the maximum permitted 3.05036p—if the ACT rate is reduced to 33 per cent before the AGM, then the net payment will be increased accordingly.

The goodwill element arising out of the acquisition of Brown Products has been eliminated entirely, thereby disposing of all goodwill considerations from the accounts.

Record £3.2m at Giltspur

AFTER ADVANCING from £0.58m to £1.05m at midway, taxable profit of Giltspur ended the March 31, 1978 year ahead from £2.19m to a peak £3.22m on turnover up from £64.93m to £73.4m.

Directors say that given a reasonable economic climate in the foreseeable future they expect the group to continue to make further progress this year.

The result is after interest of £0.93m (£1.04m). After tax of £1.42m (£0.42m), extraordinary debits of £113,000 (£2.78m) and minority interests, attributable profit came out at £1.68m compared with a £1.01m loss last time.

Earnings per 10p share are shown at 9.76p (9.72p) and the final dividend of 1.9p net lifts the total from 2.6p to 2.9p.

● comment

Giltspur's profits are 45 per cent higher, in spite of a disappointing performance by the freight forwarding activities which have been hit by the trading recession. The packaging companies more than compensated, however, and *the Bullens division's profits* jumped by over a fifth, thanks to some new contracts, including a large one from Vospers. Increased vehicle sales throughout the country are reflected in the motor distribution division, where profits are 21 per cent higher, while Expo (exhibition and display services) jumped by 29 per cent, due mainly to demand for the NEC's facilities in Birmingham and the closure of the loss-making German and French companies. The company sees steady progress in the current year from all divisions which would leave the shares at 60p—on a p/e of around 6 and a yield of 7.6 per cent—looking attractive.

Mr. Leslie J. Tolley, chairman of Renold.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Braby Leslie ......2nd int.	3.25†	Aug. 18	2.73	5.25†	4.54
Courts	1.94	—	1.76	3.49	3.18
Giltspur	1.9	Aug. 25	1.7	2.9	2.6
Killinghall Tin ......int.	50‡	Aug. 3	50	—	125
S. Leboff	0.99	—	0.9	1.76	1.6
Renold	6.84	Aug. 15	5.95	9.44	8.54
Stead & Simpson	1.67§	Aug. 9	1.48*	2.13	1.89*
Weston-Evans	2.13	Aug. 21	1.94	3.05	2.76
Wintrust	1.90	Oct. 2	1.95	3.03	2.98

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Gross throughout. § Includes 0.0227p in respect of previous year.

Humphries Holdings back to profits

AS ANTICIPATED, **Humphries Holdings** has returned to profits in the year ended March 31, 1978 with £260,263 before tax compared with a £34,068 deficit in the previous year. Turnover was slightly higher at £10.35m against £10.01m.

The profit is after redundancy costs of £48,234 (£95,250) but before tax of £73,388 against £146,781. Last November, the directors said net profit was likely to be in excess of £100,000 excluding a net capital profit of some £115,000 arising from the sale of Twickenham Film Studios.

After an extraordinary credit of £146,826 (£14,031 debit) and minorities, attributable profit for the year was £322,126 against a £207,044 loss.

Earnings per share are shown at 2.32p (2.55p loss). Again there is no dividend—the last payment was in 1969-70.

The group, motion film developer and printer, is a subsidiary of the British Electric Traction Company.

Levex rights to raise £163,000

Levex, engaged in the printing of knitted fabrics, is raising £163,000 net by way of a one-for-one rights issue of 3.6m ordinary 5p shares at par. The proceeds will be used to repay existing bank borrowings and help finance expansion.

The shares last night closed ½p down at 9½p.

The company, which last year incurred a loss of almost £20,000, has recently liquidated its knitting subsidiary in Wales, which was losing around £10,000 a month. Mr. K. Maharajh, managing director, said trading at the printing subsidiary was ahead of last year and he expected the company to return to profit in the current 12 months.

The directors considered that the company's existing bank facility of £70,000 was inadequate to finance working capital. It had proved difficult to obtain a facility elsewhere on acceptable terms due to past losses.

The issue has been jointly underwritten by Energy, Finance and General Trust, and Rowe Rudd and Co. Dealings in the new shares will begin on Monday.

The shares are being offered to existing shareholders registered June 21. The latest time for acceptance and payment in full will be July 21.

Wintrust well ahead at £0.57m

WITH PRE-TAX profits up from £364,496 to £573,460 for the year to March 31, 1978, the directors of Wintrust banking group, confidently expects that profits in the current year will show a material increase over the figures now reported.

Internal management figures for the first three months of the current year reflect the continued growth in profitability previously anticipated, the directors state.

Profits for 1977-78 are before tax of £296,336 (£181,919) including deferred tax of £295,083 (£221,631).

Earnings per 20p share are shown at 3.9p (2.7p) and a final dividend of 1.99586p lifts the total from 2.9842p to 3.03006p.

'Rexco' chief executive resigns

Mr. D. F. G. Stroud has resigned as chief executive and a director of **National Carbonising Co.**, manufacturers of "Rexco" smokeless fuel.

The resignation, which was announced late last night, comes less than 24 hours before the company is due to announce its results for the full year to March 31, 1978. During 1976-77 profits amounted to £27,000.

The shares were last night unchanged at 42p, which is 3p above the year's low.

Acquisitions help lift Braby to £2.39m

INCLUDING *£602,872 from* subsidiaries acquired during the year, pre-tax profits of Braby Leslie, the civil and mechanical engineering group, expanded from £1.52m to £2.39m in the period to March 31, 1978. Turnover rose from *£23.66m to £31.38m* with £4.62m coming from the new companies. At half way profits stood at £1.16m (£0.81m).

On July 1, 1977, E. C. Payter and Co. was acquired from Alcan Booth Industries for £168,000 cash, on *September* 1, 1977, S. Briggs and Co. was acquired with effect from April 1, 1977, for £56,682 cash and 1m ordinary shares of 10p, and on March 7, 1978, H. W. Edghill Equipment was acquired with effect from February 1, 1978, from Richard Threlfall (Holdings). An initial payment of £260,000 cash was made and the balance of £28,191 cash has since been paid following a final valuation of the stock and work in progress.

The directors say that Braby Group including Auto Diesels Braby has again made the largest contribution to profits reinforced by the acquisitions. The purchase of Briggs has been more than justified by excellent results, they tell members. Auto Diesels Braby maintained a high volume of exports, in excess of 60 per cent of turnover.

Continuing restrictions on public expenditure, coupled with severe weather conditions in Scotland, badly affected the results of Tam's Loup Quarries, particularly the road surfacing activities but despite these difficulties George Leslie achieved record profits.

Generally the forward order position is not unsatisfactory although in certain subsidiaries, the order books are *not at the* high levels enjoyed in the recent past.

The board has again decided not to provide for deferred tax on stock appreciation relief except in those subsidiaries where it is considered possible that stock values will reduce in the foreseeable future. As a result, the tax charge for the year at £383,000 (£294,000) is £796,500 lower than it would have been if provision had been made in full.

Earnings per 10p share are *shown at 23.8p (17.7p) based* upon profits, after tax, and 8 per cent preference dividends of £2,003,720 and on 8,417,817 ordinary shares.

Had the group suffered a full tax charge earnings would have been 13.5p (10.5p).

A second interim dividend of 3.25p net is declared, making a total of 5.25p (4.5423p). A resolution will be put to the AGM declaring a final dividend if the rate of ACT for 1978 is reduced from 34 per cent. It is probable that such final dividend would be paid at the same time as the interim dividend for 1978-79.

Group net tangible assets per ordinary share at March 31, 1978, amounted to 89.6p per share (70.2p) based on 8,417,817 ordinary shares (7,417,817 shares).

During the year the board drew on the medium-term loan repayable over five years made available under previous arrangements. At March 31, the balance outstanding was £650,000. The overdraft and medium-term loan facilities available, together with retained profits, should be adequate for present and estimated future requirements including planned capital expenditure, say the directors.

The group's properties have been valued on an open market basis as at March 31. The total of the valuation, excluding quarry ground, which is a wasting asset, amounting to £1,464,500 has been reflected in the books and the surplus of £348,052 has been taken to reserves.

Good progress was made during the year in the run down of Cable Lines. The sale of the freehold property at Nottingham was finally completed on March 30, 1978, and the realised profit of £66,767, after tax of £7,265, has been included in the accounts as an extraordinary item.

Due to the continued declining market for galvanised products, it was decided *after the end of* the year to discontinue this activity at Liverpool Works.

The directors propose to recommend a one-for-five scrip issue. In consequence the rate per share of any final ordinary dividend may be affected.

● comment

Although taxable profits at Braby Leslie are up 58 per cent, the position is virtually unchanged if acquisitions and the provision for Cable Lines last time are stripped out. A *static performance from* Auto Diesel and Braby Liverpool has meant that their contribution is now down from 80 per cent to about half of group profits. Trading here has not been bright and new export markets are actively being sought, as competition abroad gets tougher. With its high degree of technological expertise, the group is eyeing up possible partnership schemes in the Far East and South America. The new brewery equipment subsidiary, Briggs, contributed the bulk of first-time profits but is not expected to repeat this level in the current year. However, Edghill is better placed while E. C. Payter is fitting in well with rationalisation plans at the Bristol storage container plant. With troubles in the petrochemical industry, demand for drums (Braby Liverpool) could be erratic this time but the group is looking for more acquisitions which will be necessary to sustain growth. Net borrowings are virtually nil though a higher tax charge next time will bite into cash flow. At 98p the shares stand on a p/e of just under 4 and yield 8.4 per cent.

Courts produces record £4.9m: more to come

FOR THE year ended March 31, 1978, profits before tax of Courts (Furnishers) rose from £4.87m to £4.89m following the increase from £1.95m to £2.19m in the first six months.

The directors say that despite profits being a record, trading conditions in the U.K.—where turnover was up £2.45m—and for some of the more important overseas subsidiaries, were difficult for much of the year.

However trading conditions in the UK and overseas have much improved in the current year and provided this trend continues, the group should be able to achieve satisfactory results.

The year's pre-tax profit is net of transfer to deferred profit of £1.17m and includes property disposal profits of £40,000 (£50,000).

Earnings per share are shown at 18.5p (15.4p) and a final dividend of 1.93725p lifts the total from 3.17614p to 3.49375p.

	Year 1977-78 £000	1976-77 £000
Turnover*	44,937	47,345
Profit	4,853	4,821
Property disposal profit	40	50
Profit before tax	4,893	4,871
UK and overseas tax	2,286	2,417
Net profit	2,607	2,454
Exchange debit	96	†30
Minorities	250	266
Available	2,261	2,218
Preference dividend	24	24
Interim Ordinary	219	189
Final Ordinary	273	248

* Excluding VAT. † Credit.

The effect of exchange rate fluctuations was considerable, with the pound increasing against almost all world currencies as compared with the levels applying at the previous financial year-end the directors say.

The effect on trading results was such that had exchange parties parities been maintained group turnover would have been £48.77m and pre-tax profits £5.89m.

In accordance with changed accounting policies this year, no deferred tax has been provided where the deferral is beyond the foreseeable future, and exchange fluctuations reflect the currency profits or losses arising on trading transactions, while profits or losses resulting from the conversion of opening net current assets are now charged direct to reserves.

During the year new stores were added in the UK at Truro, Clapham Junction and Mansfield, and overseas at Toowoomba, Australia. A new store is opening also in Darwin, Australia, and other prospective new stores are in the pipeline. Re-siting to very much bigger premises is taking place in Singapore.

In the UK re-locations to larger premises and extensions to existing stores are proceeding in several towns.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Derritron, Dewhurst Dent, Grange Trust, J. F. Nash Securities, Whatlings.

Finals—Batleys of Yorkshire, James Cropper, Edward Jones (Contractors), Robert Moss, National Carbonising, Wharf Mill Furnishers.

FUTURE DATES

Interims—	
Barr (A. G.)	July 3
Braid	July 6
Howard Machinery	July 24
Ladies Pride Outerwear	July 24
Watson and Philip	July 13
Finals—	
Crown House	July 10
Duncan (Walter) and Goodricke	July 5
Redland	July 27
Stroud Riley Drummond	July 6
Waddington (John)	July 5

Setback at Dunford & Elliott

Profits for the half year to March 31, 1978 of Dunford and Elliott slumped from £1.69m to £121,000 subject to tax of £30,000 (£71,000). Turnover was £39.56m against £40.17m.

Profits were struck after interest of £1.06m (£1.79m). After extraordinary losses of £508,000 (£126,000), the attributable loss is £417,000 (£1.49m profit).

The company is a subsidiary of Lonrho.

Premier Oil rises to £526,783

A SECOND-HALF profit of £225,439 compared with a loss of £150,163 enabled Premier Consolidated Oilfields to finish the March 31, 1978 year with taxable profits ahead from £156,641 to £526,783 which included £40,152 from S.F.E. North Sea Holdings, its contributions since acquisition on January 18, 1978.

Turnover was up from £1.71m to £2.38m, including £78,155 this time from operating fees, with the £2.3m sales of oil and gas split for the period as to: UK £65,217; U.S. £1.46m; Trinidad £0.77m and Italy £5,271.

The year's result included an exceptional credit of £64,191, comprising profit arising from the sale of Oil Exploration (Holdings) shares, £38,074 and the £26,117 provision for cost of premium on investment currency no longer required.

Tax for the year was £366,268 against £244,210 last time, comprising Trinidad £323,173 (some 97.9 per cent of profits); U.S. £53,102 and UK £10,007 credit, for the period.

Net profit came out at £160,515 against a £87,569 loss for 1976-77 but was subject to exchange translation losses of £43,315 compared with gains of £47,779, leaving a £117,200 profit for the year (£39,790 loss).

Again there is no dividend and earnings per 5p share are shown as 0.26p (0.17p loss) before exchange translations.

The directors state that for the first time the group showed earnings from the British North Sea through its interest in the Piper Field, acquired in January, 1978.

Mr. H. T. Nicholson, chairman, says that Premier held a geographical spread of interests in oil and gas producing areas and that these provided a sound basis for continuing exploration in the British North Sea and elsewhere.

	1977-78 £	1976-77 £
Turnover	2,381,243	1,705,170
Oil and gas sales	2,303,088	1,705,170
Operating fees	78,155	—
Div. and int. income	153,257	122,002
Misc. income	24,542	26,460
Profit on sale of fixed assets	18,708	—
Exceptional credit	64,191	—
Total revenue	2,642,251	1,853,632
Production costs	1,087,861	775,354
Amort. and deprec.	574,145	320,311
Exploration expenditure written off	10,044	328,213
Operating and admin.	407,714	284,882
Short-term interest	35,364	5,651
Pre-tax profit	526,783	156,641
Tax	366,268	244,210
Net profit	160,515	*87,569
Exchange losses	43,315	†47,779
Leaving	117,200	*39,790

* Loss. † Gains.

Leboff down at £1.02m after closure costs

AFTER AN exceptional debit of £653,692 compared with £352,588 last time, pre-tax profits of S. Leboff (Fobel) fell from £1,166,152 to £1,019,953 for 1977 on turnover ahead from £17.83m to £19.17m.

At the interim stage profits were up from £762,248 to £876,614 and directors said that they confidently expected to show record profits for the full year. They now say they expect results for 1978 to be satisfactory and to reflect the real potential of the combined group for the first time.

The exceptional debit for the year arose from a decision, made in November, 1977, to close the stock-holding distribution depots of the electronics division in France and North America. Directors say it was clear by then that, as indicated first in autumn, 1976, the two factories in Hong Kong could sell their production more profitably direct to major buyers throughout the world, without the heavy overheads of local distributing companies.

The closures involved redundancy payments and compensation for employees, plus disposals of stocks, leases, etc., and have been provided for in full in the 1977 accounts.

The court case in Germany is still proceeding and some recovery is expected. This has still not been resolved and it has been decided to provide for the remaining amount in full and to bring in the recovery when it is made.

Group policy in respect of taxation has been changed in accordance with ED19 and the charge for the year is down from £0.63m to £0.3m. Had this policy been applied in 1976 the figure for that year would have been £448,664.

This change leaves shareholders funds at £5.58m (old basis —£4.01m).

Stated earnings per 10p share are 4.14p (3.21p) and the dividend is stepped up to 1.76p (1.6p) with a net final payment of 0.9917p.

The DIY division experienced a year of minimal turnover growth. While expenses continued to be affected by inflation and the effect was inevitably a reduction in net profits.

	1977 £	1976 £
Turnover	19,170,461	17,832,445
Group profit	1,673,645	1,518,740
Exceptional debit	653,692	352,568
Profit before tax	1,019,953	1,166,152
Taxation	297,189	626,056
Net profit	722,764	540,096
To minorities	7,456	113,980

† From.

However, this stimulated a review of certain policies which has had a most beneficial effect and has substantially increased sales to major UK groups and Europe. The pattern of turnover growth has been resumed, while costs have been contained as far as possible.

As a result profits from this division during the current year should show a welcome increase over 1977, they add.

The electronics division's business has shown a more pronounced seasonal nature during 1978, but has a very healthy order book which should keep production at a high level for the rest of the year. New and exciting products have been developed, directors say, which will be on sale by the autumn, including a number in which the group has a marked technological lead.

These new products will reduce the seasonal nature of the business, which should increase profitability further in 1979.

Stead & Simpson advances

FOLLOWING A rise of only £12,000 to £956,000 at midway, Stead and Simpson expanded taxable profits from £1,886,520 to a peak £2,230,214 for the year to March 31, 1978, on turnover up by £4m to £22.51m.

After tax of £1,169,832 (£945,769) and extraordinary credits £113,897 (£414,051), net profits were down from £1,354,802 to £1,174,279.

Stated earnings per 25p share are 3.68p (3.27p) and a final dividend of 1.672p, which includes 0.0227p in respect of the previous year, effectively lifts the total from an adjusted 1.88848p to 2.132p net.

The group's business involves footwear retailing and motor trading.

Encouraging start for Durapipe

TURNOVER AND profits of Durapipe International so far in the current year are encouraging and 1978-79 should result in records being established, Mr. J. F. Pearce, the chairman says in his annual report.

Ansell Jones and Company—maker of pulley blocks and lifting tackle—will continue to produce a helpful contribution to group profits and if current plans for extension of its activities are realised, prospects will be greatly enhanced.

The group's attitude towards overseas trade will be maintained, the chairman says, while at home and in Europe the group will strive for an increased market share.

Much is expected from Durapipe Limited with its presence in North America, growing interests in Australia, the proposed warehouse facilities in Europe and in the Middle East and from the developments taking place in new processing technology.

Group profits before tax for the year ended March 31, 1978 rose 19 per cent to a record £1.11m, a result achieved with some difficulty says the chairman, due to the effect of unofficial strikes at both operating companies.

UK sales rose 22.5 per cent to £7.95m and the U.S. subsidiary contributed £1.31m from date of acquisition. Total dividend for the year is 4.079p (3.652p).

At Durapipe Limited, substantial capital expenditure is being incurred and plant and machinery are currently being installed including a system of material storage and handling. Expenditure continues on the development of new product lines, some of which are expected to be on the market in the next year.

In Australia, directors are currently negotiating the merger of both the marketing and manufacturing interests of Dom-X Durapipe and Dom X Willis while in the U.S. a break even position has been reached in the first three months this year, although traditionally this is a loss-making period.

Several new products are currently being launched by Ansell Jones and there is every indication of good market acceptability, says Mr. Pearce.

The Board is always on the lookout for opportunities to extend this company's activities and certain projects are being investigated that provide growth.

GRESHAM HOUSE

Pre-tax profits of £271,000 (£250,000) achieved by Gresham House Estate Company for 1977 were subject to tax of £147,000 (£83,000) and not £17,000 as stated in yesterday's report, due to an agency error.

Albany Life premiums increase

Albany Life Assurance, the British subsidiary of the American General Assurance Group (UK), saw new annual premiums rise from £790,000 to £1.62m during 1977, while new single premium business increased from £4.81m to £6.12m.

After a transfer from the establishment account of £433,000—which represents the extent by which management expenses of this relatively new entrant to the UK life assurance market are subsidised from capital until recouped from future renewal premium income—the life assurance and annuity fund at the end of the year amounted to £7.2m (as against a restated £3.8m at the end of 1976).

At the balance sheet date some £2.42m of the £9.42m investment portfolio was held in gilts, while another £2.23m was held in shares and unit trusts.

Concrete Products

Concrete Products of Ireland, a Marley subsidiary, reports higher pre-tax profits of £907,000 against £770,000 for the six months ended March 31, 1978.

Profit is after interest payable of £114,000 against £133,000 and before tax of £408,000 (£356,000).

Earnings per share are stated at 6.225p (5.175p) and the interim dividend is stepped up from 0.975p to 1.25p—the total in 1976-77 was 4.875p from pre-tax profits of £2.16m.

Expansion plans at Sangers

FOLLOWING the purchase of eight companies in the retail optical field during 1977-78, the Sangers Group of wholesale chemists, etc., has a substantial programme of further optical practice acquisitions in hand, says Mr. Hugh Nicholson, the chairman, in his annual statement. In addition the group intends to open new practices in selected areas as soon as suitable sites become available.

The directors believe there is much potential in this area which will be reflected in current-year profits.

At the year end, group capital expenditure of £95,000 (£218,000) had been authorised, of which £15,000 (£214,000) had been contracted for, and since the year end the directors have authorised spending of £1m on further acquisitions of optical practices.

As reported on June 2 pre-tax profits for the year to February 28 fell from £2.44m to £1.65m on turnover of £90.8m (£80.5m)

Mr. Nicholson points out that profits were struck after charging a number of items of an exceptional and non-recurring nature amounting to £240,000. They include the pharmaceutical division reorganisation costs, in particular the closing of the Liverpool branch; the reorganisation of the Northern Ireland pharmaceutical and grocery businesses; certain redundancies; and the non-recurring costs in setting up the optics division.

A statement of source and application of funds shows an increase in working capital of £0.95m (£1.74m) and an increase in liquidity of £403,000 (£779,000 decrease).

The chairman says that the group is now employing more than three times the net assets that it was 10 years ago. The major reason for this is inflation which has pushed up working capital. This all has to be found from profits after tax and dividends on preference and ordinary capital. Further expansion into optics has also got to be financed and this means that the group has to consider all the time how it can reduce capital laid out in the wholesale pharmaceutical division, often by revised methods of trading.

It is the long-term aim of the company to become a balanced health care group, less dependent on its traditional pharmaceutical wholesaling business. Although there are difficulties in pharmaceutical wholesaling, the Board is confident that the problems can be met.

WM. JACKS YEAR END CHANGE

The financial year end of William Jacks and Co. and its subsidiaries has been changed from June 30 to December 31. The change will be effected by preparing group accounts for the 18-month period to end 1978. A second interim statement will be issued in August covering the 12 months to June 30, 1978.

Hunt Chemicals expands in Belgium

Philip A. Hunt Chemical Corporation of the U.S., in which Turner and Newall has a 52 per cent interest, is planning a \$2½m (£1.38m) expansion of the manufacturing and warehousing operations of its subsidiary N.V. Hunt Chemical at St. Niklaas, Belgium.

The plans embrace the construction of production facilities for the manufacture of both photographic chemicals (for colour and black and white processing) and electrostatic developers and powdered toners for office copying equipment; as well as an extension of the present warehouse area.

The development will be financed by cash deposits held by Hunt in Belgium.

B·A·T Industries Limited

Interim Report Half Year to 31 March 1978

At a meeting of the Directors held on 27 June 1978 it was decided to pay on 2 October 1978 a second interim dividend for the year to 30 September 1978 at the rate of 5p per Ordinary Share of 25p. Transfers received in order by the Registrar of the Company up to 29 August 1978 will be in time to be passed for payment of this second interim dividend to the transferee.

The first and second interim dividends amount to 9.4p (1977 7.5p) per Ordinary Share of 25p. The increases made in these two interim dividends, being in respect of only part of the total dividend for 1978, are within prevailing legal constraints and any continuation of dividend limitation may cause restriction of the final dividend payable on 2 April 1979. The increases reflect the Company's desire to compensate shareholders, at least in part, for the substantial fall in dividends' real value since statutory limitation came into operation in 1972.

The amount to be retained for inflation out of net profit attributable to B.A.T Industries for the half year to 31 March 1978 is estimated at £32 millions (1977 £26 millions).

For the half year to 31 March 1978, foreign currency items have been translated to sterling at rates of exchange ruling on 19 June 1978, except for Brazilian cruzeiro items which have been translated at the rate against the US dollar estimated to be ruling at 30 September 1978. The comparable results for the half year to 31 March 1977 have been translated at the rates of exchange ruling on 30 September 1977. The net effect of currency movements on Group results was slightly adverse, ignoring the devaluation of the Brazilian cruzeiro against the US dollar.

Lower UK profits have led to a reduction in the UK tax charge, offset to some extent by an increase in taxation on dividends received from overseas. Overseas and deferred taxation have increased. Full provision has been made for deferred taxation on the same basis as hitherto.

While operating profit has increased overall by some 4%, the improvement has been eroded by increased interest charges and by increased taxation, so that net profit attributable to B.A.T Industries is £101 millions compared with £106 millions for the comparable period of the previous year.

Group Results (unaudited)

Half Years to:	31.3.1978	31.3.1977	30.9.1977
		£ millions	
Turnover	3,294	2,967	3,245
Trading profit	222	213	199
Investment income	30	30	31
Operating profit	252	243	230
Interest paid	31	28	29
Profit before taxation	221	215	201
Taxation	108	97	87
Profit after taxation	113	118	114
Minority interest	12	12	10
Net profit attributable to B.A.T Industries	101	106	104
Analyses by Industry			
Turnover			
Tobacco	2,135	1,925	2,179
Retail	786	685	706
Paper	296	275	277
Cosmetics	71	56	49
Other activities	6	26	34
	3,294	2,967	3,245
Duty and excise included in tobacco turnover	1,191	1,089	1,242
Operating Profit			
Tobacco	171	170	178
Retail	23	19	5
Paper	27	29	24
Cosmetics	4	2	1
Other activities	27	23	22
	252	243	230
Taxation			
United Kingdom taxation on income	7	17	(4)
Unrelieved ACT	2	—	—
Overspill relief	—	(1)	—
	9	16	(4)
Overseas taxation	78	65	70
	87	81	66
Deferred taxation	21	16	21
	108	97	87

Forecast

Sales of tobacco products should increase in the second half year at the same rate as in the first half, but operating profit will be affected by higher costs in Europe, by UK launch expenses and by lower profitability in exports from the UK. For the year as a whole tobacco profits are expected to show a small increase on 1977. Better gross margins at Gimbels and Saks should lead to higher operating profit for the Retail division, notwithstanding the effect of competition on International Stores. The acquisition of Alliance Wholesale Grocers will strengthen considerably the cash and carry business of Kearley and Tonge. In paper, a small improvement is expected over the year as a whole. The proposed acquisition of the Appleton Paper division of NCR in the USA, expected to be completed shortly, should bring some benefit net of interest charges in the last quarter. Cosmetics division expect to be able to maintain the profit improvement achieved through to the year end.

Subject to movements in exchange rates, operating profit overall for the year should show a rate of increase comparable to that achieved in the first half. However, increased interest paid and higher taxation will probably result in the net profit attributable to B.A.T Industries for the year falling slightly short of the level achieved last year.

Tobacco

Group cigarette sales volume increased at a greater rate than in the previous year. In the United States, domestic sales and profits declined marginally, but were partially offset by improved results from the export business, which included Lorillard brands for the whole six months.

In Europe, Germany increased its domestic and export volumes, resulting in improved profits. In the rest of Europe, volume also grew but profits suffered because price increases were insufficient to cover higher costs. Exports from the UK continued to progress but profits were adversely affected by the influence of exchange rates on export prices and the initial expenses in connection with the introduction, nationally, of State Express in the UK market.

Sales continued to develop satisfactorily in Latin America. In Brazil, higher volume and a price increase earlier than expected, resulted in better profits, whilst in Venezuela, market share and profits rose substantially. Greater demand and additional profits were achieved in Asia, particularly in Indonesia. Restoration of margins in Malaysia improved profitability there. Similarly, in Africa, restoration of margins together with volume increases brought better profits.

Retail

In the United States sales in Saks stores grew substantially. A good Christmas season, better merchandising in existing stores and new store openings were all contributory factors. There was also some improvement in margins.

Gimbels, too, benefited from the buoyant Christmas season, but poor weather conditions in the north-east of the US in the spring have adversely affected sales which are marginally down on the comparable period. Overall, there was an improvement in profits.

Kohl continued to expand its supermarkets in Illinois and its department stores in Wisconsin, both of which show improved sales and profits. However, the expense of promotional activities in the Wisconsin supermarkets have more than offset profit growth elsewhere.

In the United Kingdom, severe price competition in food retailing has intensified, substantially diminishing the profitability of the industry. Action taken by International Stores to maintain sales volume and market share has been successful but at the expense of trading profit in the short term. The decline in trading profit has been offset by property profits realised in the course of the stores redevelopment programme.

Paper

The overall volume of Wiggins Teape sales has shown little increase over the same period last year. Profits, though higher than in the half year ending 30 September 1977, have not fully recovered from the more difficult market situation which developed in mid 1977 affecting margins in the UK, Europe and most countries where Wiggins Teape operate. This was followed by a steep decline in the price of woodpulp in Europe which in turn weakened paper prices still further. The market has not yet stabilised but some improvement in the second half may be expected so that the result for the whole year should be similar to that of last year.

Mardon Packaging International experienced slightly less buoyant trading conditions in the first half of the year, but, due in part to the purchase in the UK of the Cundell packaging group in September 1977, sales increased over the corresponding period of last year by 16% to £153 millions with a comparable improvement in profits. Two businesses in the USA, Michigan Litho, a specialist label manufacturer, and Western Litho, a web printing operation in California, have been acquired through Lawson & Jones, Mardon Packaging's Canadian subsidiary.

Cosmetics

Sales in the six months to 31 December 1977 rose by 27% over the same period in the previous year. Growth benefited from the inclusion of Juvena but, in the US, Germaine Monteil experienced difficult conditions and the US operations of Yardley are being run down prior to transfer to a licensing operation.

The improvement in operating profit is due partly to the inclusion of Juvena and to a reduction in the losses of Yardley in the USA, but also to better results from Lenthéric and Germaine Monteil in the UK and continental Europe and from Yardley in Colombia.

B·A·T INDUSTRIES LIMITED

Tobacco · Retailing · Paper · Cosmetics · Worldwide

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MINING NEWS

BHP's Ok Tedi prospect has gold deposit

BY KENNETH MARSTON, MINING EDITOR

[L]EST INVESTIGATIONS by Broken Hill Proprietary con[sort]ium into the big, but low [gra]de Ok Tedi copper deposit in [the] Star Mountains of Papua New [Gui]nea have revealed the [pre]sence of a gold enriched cap [cov]ering the primary orebody, [rep]orts Colleen Ryan from Port [Mor]esby.

[A]ccording to preliminary esti[ma]tes the leached cap contains [som]e 30m tonnes of material with [a g]old content of 3 to 3.5 grammes [per] tonne. The gross "in ground" [val]ue of the gold would thus be [app]roaching A$600m (£375m), but [the] net profit from mining this [ma]terial would obviously be very [mu]ch less. Even so, one con[sort]ium spokesman reckoned that [the] cap was sufficient to justify [a l]ow grade gold-mining opera[tio]n in its own right.

[I]f the Ok Tedi project goes [ahe]ad—and this is still subject [to] further metallurgical tests and [the] outlook for copper and gold [pri]ces—the cap gold would be [pro]cessed separately and exported [as] unrefined gold bullion whereas [the] gold content of the primary [ore]body would be exported in the [cop]per concentrate.

[T]otal ore reserves are estimated [at] 250m to 300m tonnes grading [0.8]5 per cent copper, 0.012 per cent [mo]lybdenum and 0.55 grammes [gol]d per tonne. The field work [sec]tion of the feasibility study was [com]pleted earlier this month and [lab]oratory tests are expected to [be] finished by the end of this year.

[T]he consortium, which apart [fro]m BHP (37.5 per cent), [inc]ludes Amoco Minerals (37.5 [per] cent) and Germany's Kupfer[ex]ploration group (25 per cent), [is] to present its proposals to [the] PNG Government by May next [yea]r. If a decision is taken to go [ah]ead with a mine, production [co]uld be expected to start in [198]3. However, there is still doubt [wh]ether the decision will be taken [ne]xt year or delayed until the [ea]rly 1980s.

[T]he cost of the project, in which [th]e PNG Government has an [op]tion to take a 20 per cent stake, [is] put at A$1.2bn (£750m) if con[ve]ntional processing methods are used. These would give a daily ore throughput of 65,000 tonnes.

But there is a tentative decision to employ semi-autogenous ore processing. This method, which would require only one large grinding mill, might halve the capital cost but it would also mean a lower daily throughput of 30,000 tonnes.

Meanwhile, the general consensus of opinion is that while no early go-ahead decision on Ok Tedi is likely, it will come eventually whereas only a few months ago the feasibility of a mining operation was being viewed with scepticism.

Mt. Lyell wins three months reprieve

MOUNT LYELL MINING, the loss-making copper operation in Tasmania owned mainly by Consolidated Gold Fields, has been given a further three months of life with the decision of the Australian Government to extend federal aid pending negotiations on the company's future.

Government announcement of further aid, made yesterday in Canberra, coincided with a report from the Industries Assistance Commission which came out against federal support for the copper industry.

On the subject of Mount Lyell, the IAC recommended that aid should continue for three months after the date of the Government's decision on its report.

The official statement in Canberra said that the Government was negotiating both with the Tasmanian authorities and Mount Lyell about the future of the company. In fact, the scope for negotiation is slight. Gold Fields has made it clear that Mount Lyell is not viable without Government aid.

Mount Lyell has been subsidised since June 13 last year, first by the Commonwealth and Tasmanian Governments jointly and then, after November 11, by the Commonwealth Government alone. Gold Fields will make a decision about the future of the mine, which it has already written off in its accounts, after hearing any Government proposals for its future.

The IAC pointed out that with the exception of Mount Lyell, the Australian copper industry had adjusted to the depressed copper market without Government aid. It noted that MIM Holdings, the country's major producer, had not sought any assistance.

The Government's aid to Mount Lyell extends for three months from July 1. Mount Lyell shares were unchanged at 30p in London yesterday.

MADAWASKA SETS STEADY COURSE

Madawaska Mines, the Canadian uranium producer whose contract price problems with Agip, the Italian State energy agency, have just been resolved, is earning C$14 (£6.73) before tax on every pound of uranium it sells.

This figure was given to shareholders of Consolidated Canadian Faraday yesterday by Mr. W. Clarke Campbell, the president at the annual meeting in Toronto. The company owns 49 per cent of Madawaska, the remaining 51 per cent is held by Federal Resources Corporation of Salt Lake City.

Based on the negotiated price of C$42 a pound for the Agip contract, Madawaska last year made a profit of C$4.2m (£2.02m) on revenue of C$17.6m. Production was 440,753 lbs of uranium oxide.

In the first half of this year, output is expected to reach 274,600 lbs and in the second half "we hope to do better," Mr. David Kelland, the mine manager said.

In June the ore grade rose to 1.8 lbs of uranium per ton of ore from about 1.5 lbs in the first five months of the year. The higher grade is expected to be maintained.

OIL AND GAS NEWS

Optimism over NZ venture

BY DAI HAYWARD

WELLINGTON, June 29.

[T]HE FRENCH and New Zealand [G]overnments have the biggest [st]ake in a new offshore oil [p]rospecting venture in New Zea[la]nd. An agreement to sink one [p]rospecting well in Tasman Bay, [n]orth of the South Island, has [b]een signed between the New [Z]ealand Government and [A]quitaine.

The North Tasman Hole will be [s]unk in 280 ft of water and will [g]o down to a depth of 8,000 ft. [It] is in an area that oil men think [h]as good prospects of success. It [i]s only 12 miles south of Maui 4 —a well sunk some years ago, [a]nd which in 1970 tested 375 [b]arrels of oil and 544m cu ft of [w]et gas a day for the Shell, BP [and] Todd consortium.

The Maui field is now a large [s]cale producer of natural gas. Oil [m]en have said that the North [T]asman area could have a reser[v]oir of light crude oil five times [b]igger than the Maui field.

The new North Tasman Hole [w]ill also be more accessible than Maui which is in 360 ft of fairly [r]ough seas. The New Zealand Government stake in the partnership is through Petrocorp, a Government company recently set up to handle the New Zealand Government's oil prospecting.

The agreement with Aquitaine, although only for one hole, is something of a breakthrough for the New Zealand Government which alienated the big oil prospecting companies with its controversial high oil tax policy. The major companies claim the tax would take too big a share of the proceeds from any successful strike.

In the North Tasman deal, Petrocorp will put up 40 per cent of the prospecting costs and receive 51 per cent of any discovery.

The State will take a 12.5 per cent royalty from any discovery.

The Aquitaine consortium consists of Aquitaine (NZ)—which is 99.9 per cent owned by Aquitaine Australia—Home Oil (Canada), Beach Petroleum (Australia), L and M Oil (New Zealand), Murphy NZ Oil of U.S. and Odeca NZ (U.S.).

L and M Oil is the only company giving the New Zealand public a direct interest in this exploration. It is one of the few direct investment opportunities through New Zealand companies in oil prospecting ventures.

L and M has 10,000 shareholders and 40 per cent of its shareholding is held by one large New Zealand Transport Company. The cost of the North Tasman No. 1 hole is expected to be about NZ$4m.

The big prospecting companies of Hunt, Shell, BP Todd, and Phillips have still refused to sign any agreement with the NZ Government under its present tax structure.

At present, NZ companies have to pay 45 cents in the dollar and overseas companies 50 cents in the dollar. New Zealand Aquitaine Petroleum is regarded as a New Zealand company.

If the North Tasman No. 1 proves a success there would be an upsurge of interest, both from the other big companies which have already spent much time and money drilling at various locations around the New Zealand coast, and by some of the smaller wild cat American companies.

Crosby House accounts delayed

Publication of Crosby House Group's accounts for 1977 has been delayed to September because of the late completion of the accounts of its overseas subsidiaries and of its UK companies.

The company said yesterday that the delay overseas involved its subsidiaries in Hong Kong and Gibraltar, one of which has subsequently been closed down.

Delays in the preparation of the U.K. companies' accounts were due to substantial change in the group's U.K. management in the last two months and the "consequential review of the company's operations."

Last month, Mr. J. R. M. Keatley, who became Crosby's chairman and chief executive in March, 1978, following the resignation of Mr. M. J. Walsh, sold his 10 per cent stake to a private Jersey-based investment company, International Investment Trust.

Mr. Keatley had explained then that Crosby, which issued a writ for £1.1m on the Thomas Cook Group in October, 1977, was badly in need of a permanent chief executive and that he was unable to give it the time required.

Crosby also needed better financial control which he hoped would result fro mthe appointments of two IIT directors to the Board. Mr. Keatley retains a 1.9 per cent stake.

He had added that the loss-making divisions of the group, which operated in the red in 1976 and the first half of 1977, were being reorganised.

DUTTON FORSHAW REDEMPTION

Dutton-Forshaw Group intends to redeem at par, on September 30, 1978, the nominal amount of stock and principal money—£475,845—of the variable rate unsecured loan stock 1978/80.

BIDS AND DEALS

Finlas buying developer

For a total consideration of £707,850, Finlas Holdings has agreed to purchase the capital of Proctor Bros. (Grimsby), a building developer.

The consideration will be satisfied by £507,650 cash and the issue of 120,120 ordinary shares and 80,080 £1 cumulative redeemable preference shares of Finlas. The preference shares are redeemable at par in 1987/88/89 and carry fixed dividends of 11 per cent per annum net.

Net assets of Proctor at August 31, 1977 amounted to £809,000 (including £157,000 deferred tax). The company has shown an average annual profit before tax of £167,000 over the past five years. Pre-tax profits for 1976-77 were £124,000 and the company has traded successfully since that date.

At present production levels, Proctor has sufficient land for some four years work, comprising around 330 building plots with planning permission.

Having regard to the imminence of the acquisition, the progressive integration of the group's fine art publishing interests, and a wish for a year-end more appropriate to the group's development activities, Finlas is changing its accounting period to September 30, 1978.

It proposes to pay a second interim dividend of 5.1p and a final of 3.85p to bring the total for the 18 months to 11.55p net.

ARMSTRONG EQUIP. ACQUISITION

Armstrong Equipment has exchanged contracts for the purchase of Hillcrest Engineering for a total consideration of £340,000, of which £135,000 is to be satisfied by the issue of Armstrong ordinary shares and the balance in cash.

The number of shares to be issued will be fixed at completion. One of the vendors of shares in Hillcrest is non-resident, and accordingly exchange control consent from the Bank of England has been applied for.

Hillcrest, situated in Birmingham, is a maker of metal pressings and assemblies for the automotive and furniture industries. Sales at present are about £1m annually.

LILLESHALL STAKE IS INVESTMENT

The Board of Doloswella Holdings, wishes to make it clear that the recent purchase of 150,500 (6.84 per cent) shares in Lilleshall is intended as an investment and there is no present intention of making a bid.

The shares were purchased partly for cash but mainly by the issue of Doloswella shares.

A.-INDONESIAN CORPORATION

The 18 per cent stake in Anglo - Indonesian Corporation sold by Warren Tea has been taken up by other substantial shareholders.

Scottish American Investment has acquired a further 160,000 shares bringing its total to 5.32 per cent; Rothschild Investment Trust has increased its stake to 6.2 per cent and Old Court Commodity Trust now has 6.2 per cent.

UNILEVER RECEIVES TAX APPROVAL

A meeting of shareholders of National Starch and Chemical Corporation of the U.S. has been called for August 15 to vote on the proposed $480m take-over by Unilever. The meeting will also carry out normal AGM business.

This follows approval by the U.S. Internal Revenue Service of the proposed acquisition terms. Under the deal holders of National common stock will receive $73.50 per share, or can opt for tax free share exchange for newly issued $73.50 preferred stock in a new corporation which will own all the shares of National.

The new stock will carry a cumulative annual dividend of $3.31 (4.5 per cent).

The acquisition was agreed last December but is subject to the March merger agreement which entails approval by the National shareholders. National expects that the proxy material and information relating to the exchange offer will be mailed to holders soon after July 10.

The preferred stock in the new company will not be listed and transfers will be restricted. The common stock of the company will be wholly owned by Unilever United States Inc, a subsidiary of Unilever NV.

CUSTOMAGIC

Mooloya Investments has provided additional information on certain material contracts related to its £1m bid for Customagic Manufacturing. This followed an unusual move by the City Takeover Panel last week requesting this information. Details of these contracts were reported in the Financial Times on June 23.

Singlo extending its giftware side

Arrangements are being finalised for the acquisition by Singlo Holdings of the capital of Barnum's (Carnival Novelties) for £240,000.

This is to be provided out of a vendor consideration placing of 1,131,765 new ordinary shares in Singlo at 21½p each. The new shares will not rank for any dividends in respect of the year March 31, 1978.

Barnum's supplies and hires carnival novelties, games, costumes and equipment for carnivals, fetes and other social events, the business being carried on from leasehold premises in Hammersmith. Singlo believes that the acquisition will provide a useful addition to its giftware division, and a continuation of its policy of increasing its assets and earnings.

For the year to January 31, 1978, Barnum's profits before tax were £67,231 and its net tangible assets were £181,790.

W. HENSHALL

Petford appears to have failed in its last ditch attempt to prevent Bovbourne taking over W. Henshall and Sons (Addlestone).

Yesterday the full Takeover Panel refused an appeal against rulings by the Panel Executive which forbade Henshall to issue new shares to Petford, thereby diluting the 50.6 per cent of Henshall's equity already held by Bovbourne.

The Panel's reasons for refusing the appeal will be published shortly.

RECKITT & COLMAN

A U.S. subsidiary of Reckitt and Colman, the RT French Company, has agreed to buy the Morton Quality Product Unit of the Morton Salt Division of Morton-Norwich Products. The deal was announced yesterday but the terms were not disclosed.

Morton Quality Products produces controlled-portion food products for the food service industry in the U.S. It has annual sales of over $20m.

ESTATES & GENERAL MERGER THROUGH

At the extraordinary meeting of Estates and General Investments, ordinary holders approved, on a poll, the merger with County and Suburban Holdings.

The other condition of the merger, namely a clearance being obtained under Section 464 of the Income and Corporation Taxes Act 1970 from the Inland Revenue, has now been satisfied. Accordingly the merger will become effective as from July 1, 1978.

AEGIS AG

An investment advisory company has been established in Zurich under the name of Aegis AG. The shareholders, through wholly-owned subsidiaries, are Standard Chartered Bank, Robert Fleming Holdings and Jardine Matheson and Co.

The chairman of the board is Mr. J. Burnett-Stuart.

SHARE STAKES

Rights and Issues Investment Trust — Energy Finance and General Trust and its subsidiaries have increased their holdings as follows—income shares purchased 17,400, making total 225,863 (9.41 per cent); shares and capital shares purchased 160,169, making total 333,099 (20.82 per cent). Mr. E. D. Barkway has purchased 50,000 shares: Mr. J. D. Robertshaw has purchased 15,000 and Mr. J. V. Woollam 20,000. All are directors.

Century Oils Group — Commercial Union Assurance now owns 428,750 ordinary shares (5.07 per cent).

Hargreaves Group — Britannic Assurance has purchased a further 25,000 ordinary shares and is now interested in 2,115,000 (8.01 per cent).

Lindsay and Williams—Mr. P. H. Giles, managing director, now holds 156,400 ordinary shares (15.03 per cent).

Wettern Brothers—W. and J. Glossop purchased 5,000 ordinary shares at 95p on June 28.

BANK RETURN

	Wednesday June 28 1978	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	26,011,797	+ 1,742,591
Special Deposits	666,180,000	—
Bankers	358,162,947	— 41,189,921
Reserves & Other A/cs	531,963,622	— 48,556,754
	1,586,871,366	— 88,003,284
ASSETS		
Govt. Securities	1,147,591,087	+ 102,109,998
Advances & Other A/cs	210,436,291	— 190,898,559
Premises, Equip't & other Secs	211,169,598	— 50,257
Notes	17,495,767	+ 820,596
Coin	178,623	+ 14,837
	1,586,871,366	— 88,003,284
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	8,250,000,000	+ 75,000,000
In Circulation	8,232,504,233	+ 74,179,404
In Bank'g Dept	17,495,767	+ 820,596
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs.	7,154,456,820	— 79,974,612
Other Securities	1,084,528,080	+ 154,974,612
	8,250,000,000	+ 75,000,000

Sturla confident of profit—accounts qualified

MR. R. J. KNIGHT, the chairman of Sturla Holdings, reaffirms his belief that the finance group will return to profitability at the interim stage this year in his statement with accounts.

A further improvement in results for the full year to January 31, 1978, is forecast.

He says the reduction in the pre-tax loss in past year from £0.72m to £93,000 was the product of a great deal of hard work and that the year was a decisive one. Directors have now clearly established the basis for controlled and profitable expansion, not only in its existing business, but in the development of selected new services, he says.

The accounts have again been qualified by joint auditors, Cohen Arnold and Company and Edward Denton and Son. They say they are unable to verify the directors' assessment of the provision for bad and doubtful debts or its adequacy.

They also say that the additional £0.8m provision made for bad and doubtful debts in the last year—recommended by them last year—should have been charged as an exceptional trading loss and not as an extraordinary item. On this matter the accounts do not comply with SSAP 6.

Mr. Knight says that on a conservative basis the net worth of the company is £1.23m after bad debt provisions. Total receivables are more than £3m, although reduced to £1.4m in the accounts after deduction of unearned interest. He says the borrowings of less than £0.2m represent a very low figure for a company in the financial services sector.

"There is therefore considerable scope for expansion, subject to negotiating suitable credit lines and to profitable investment of funds."

Last year, after raising £0.42m (through a rights issue, Sturla settled bank debts of £2.3m by the payment of £0.35m.

Mr. Knight says that under the new group structure the existing personal loan business will be consolidated and carried on by Sturdy Finance with Sturla Finance and Sturla Leasing marketing consumer and business asset financing plans.

The long-term objective is to become a national name in the introduction and development of innovative financial and related services. Next year the group reaches its centenary and Mr. Knight says it will have more to celebrate than its longevity and resilience.

Sturla intends lifting its borrowing limit from £3m to £7m to develop the new finance fields of Sturla Finance and Sturla Leasing and to expand the consumer credit business of Sturdy Finance in the north west of England.

Anglo Scottish Investment Trust owns 9.43 per cent of shares and Mentieth Investment Trust 5.98 per cent. Both companies are managed by Gartmore Investment. A. Dobson and Truedene Company sold their substantial interests in the year.

At balance date the group had net current assets of £1.15m against £47,000 liabilities previously.

Meeting, Dorchester Hotel, W., July 25 at noon.

DUNLOP OPENS TENNIS BALL FACTORY

Dunlop has opened a tennis ball factory in the Philippines. Established in the duty free export processing zone at Bataan, the factory is designed to service the growing tennis markets of South East Asia. It is planned to reach full production capacity of 5.5m balls a year by early 1980.

With an initial investment of £1m the company formed to operate the project, International Sports Company (Philippines) Inc., is 70 per cent owned by Dunlop International, the main Dunlop operating company outside Europe, and 30 per cent owned by Dunlop Australia.

Eurotherm on course for £2.5m

REPORTING TAXABLE profit of £978,000 for the six months to April 30, 1978, the directors of Eurotherm International reaffirm the forecast made in the May, 1978, prospectus that the figure for the current year will be about £2.5m.

The expansion programme in the latter half of the previous year is beginning to bear fruit and is a major contributing factor to orders in hand at the half-year being over 40 per cent greater than at April 30, 1977, the directors say.

First-half sales amounted to £7.59m, split as to; UK £3.26m and overseas £4.33m. After UK tax £391,000, overseas tax £97,000 and minorities of £2,000, attributable profit emerged at £488,000.

The group is engaged in the manufacture and sale of electronic equipment for industrial, commercial and scientific applications.

Hill Samuel Group well placed

IN HIS ANNUAL statement Sir Kenneth Keith, the chairman of Hill Samuel Group says that the group is well placed to benefit from a revival of world trading activity.

As reported on June 13, profits before exchange differences and extraordinary items are marginally higher at £6.85m, against £6.71m, for the year to March 31. After exchange credits of £1.73m (£235,000) and extraordinary losses of £1.97m (£586,000 credits) associated with the termination of shipowning the group profit was down from £7.53m to £6.61m.

The group balance sheet shows fixed assets at £33.99m (£38.6m), investments at £29.93m (£27.05m), advances of £438.42m (£392m), loans to local authorities and banks of £150.29m (£129.32m), and deposits of £298.27m (£266.54m). Current, deposit and other accounts totalled £867.85m (£776.56m) and acceptances £209.07m (£174.9m).

Sir Kenneth says the most significant event of the year was the creation of new international relationships with Banque Arabe et Internationale d'Investissement and with First City Bancorporation of Texas.

These relationships will take the group a major step forward, he tells members. The £9.2m additional funds raised will give the necessary new resources to increase activities when the opportunity arises.

The second feature of the year was the discontinuance of shipowning activities. One ship was sold in 1976 and two more ships were sold during the financial year. Full provision has been made for the anticipated loss on disposal of the last ship in the fleet.

As a result of the arrangements with its new shareholders the group should have the capacity to increase income substantially without a corresponding increase in costs, states the chairman. Hill Samuel is less dependent on the strength of the UK economy for its growth than heretofore and he believes that this year's developments have given the group a more solid base for the future.

Meeting, 100, Wood Street, EC, on July 25, at noon.

Hargreaves to spend £3.75m in 1978-79

At the present time, some £3.75m has been authorised for expenditure in the current year, says Mr. D. A. E. R. Peake, chairman of Hargreaves Group, in his annual statement.

For the year to March 31, 1978 some £4.45m was spent on the replacement of existing assets and the acquisition of new ones for development.

The chairman states that the 1978/79 year has started well and good opportunities exist for profitable work in many areas.

As reported on June 16 pre-tax profits last year rose from £3.27m to a record £3.42m on turnover up from £134.1m to £153.34m, and the dividend is increased to 3.2167p (2.88p) per share. On a CCA basis, profit is adjusted to £1.53m (£1.12m) after extra depreciation £1.93m (£1.88m), cost of sales charge £0.6m (£0.94m) less the gearing factor of £0.64m (£0.68m).

Mr. Peake says that while the year's results do not show spectacular progress, they reflect the group's underlying strength in its basic markets. Particular difficulties were faced in certain areas of activity, but he says despite this, profits advanced steadily and opportunities have been created for the future.

Ample facilities are available, he adds, from the group's bankers, including a medium-term facility of £3m which has not so far been drawn down, but which has been arranged to cater for the needs of future expansion.

Meeting, Wetherby, West Yorkshire, July 25 at noon.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Ford seeks grant for Ontario plant

By Robert Gibbens

MONTREAL, June 29.

FORD CANADA needs C$75m in provincial and Federal grants to go ahead with an engine plant at Windsor, Ontario, rather than at Lima Ohio. The plant would cost over C$500m and create 2,500 jobs.

The Toronto Star claims that a confidential Ford Canada document says the plant would cost U.S. $87m more to build in Canada than in the U.S.

Both Federal and Ontario Governments are in dispute on how the grants should be made available in Canada, according to Mr. Jack Horner, the Federal Industry Minister.

Husky suspended

Trading in the shares of Husky Oil remained halted past midday yesterday on the Canadian Stock Exchanges and also on the American Stock Exchange in New York. Exchange sources said that further news was expected shortly on the contest for control of Husky. Last night Alberta Gas Trunk Line, which now has 35 per cent of the 11m Husky shares outstanding promised to make a statement, reports our Montreal Correspondent.

MacMillan Bloedel

MacMillan Bloedel, Canada's largest forest products group, is spending C$17m on improving efficiency of its British Columbia and Ontario logging operations this year. Total capital spending will be about C$125m, writes our Montreal Correspondent.

Packers cheerful

Canada Packers, the largest meat processor in Canada, says its first quarter ended June 25 will show "modestly better" results from a year earlier, but will be below expectations because of labour disputes, writes our Montreal Correspondent. The domestic food business is showing "considerable recovery," but results for the year will depend "very heavily" on how quickly labour troubles in Canada can be settled. Capital spending this year will be around C$33m.

Shell purchase

Shell Canada has bought 1m treasury shares of Alphatext of Ottawa for C$4m. The company operates in the computerised handling services field, reports our Montreal Correspondent.

Bank of Montreal

Bank of Montreal, Canada's third largest bank, is showing rising profitability and is increasing its dividend to 28 cents (Canadian) a quarter from the previous 26.5 cents with the August 30 payment to shareholders of record July 31, reports our Montreal Correspondent.

Maple Leaf Mills

Maple Leaf Mills, the major Toronto-based milling group, expects 1978 earnings will be slightly below 1977's C$14.2m or C$1 a share. Expansion programme in the U.S. will be continued after certain tax rulings are received, writes our Montreal Correspondent.

Cavenham U.S. offshoot in bid for stores group

BY JOHN WYLES

NEW YORK, June 29.

GRAND UNION, the ninth largest supermarket chain in the U.S. and a subsidiary of Sir James Goldsmith's Cavenham (USA), has made a $115m offer for Colonial Stores, a leading grocery chain in the southern states.

If successful, the merger would be the first major acquisition by Grand Union since it was bought by Cavenham in 1973.

Colonial Stores operates 360 supermarkets and discount stores in the south and is generally given a high rating for its management and financial strength. The Grand Union offer is for $30 a share in cash which is a 26 per cent premium above the company's closing price on the New York stock exchange last night of $23⅞.

Mr. James Wood, president and chief executive of Grand Union, sent the offer in a letter to Colonial's chairman Mr. Ernest Boyce which follows recent discussions between the two companies. The letter points out that $30 a share is a 50 per cent premium over market prices "which prevailed until a few days ago" and is "a full and generous" offer.

But Mr. Wood acknowledged that the offer was based on publicly available information and did not close the door on further negotiations "to take into account any additional considerations you think might be appropriate."

Mr. Wood requests a meeting with the Colonial Board and asks for a quick response "but in any event not later than July 10."

Acquisition of Colonial Stores, which promised a statement on the offer later today, would give Grand Union an important presence in the fast-growing sunbelt. Colonial achieved net earnings of $10.9m or $2.87 a share on sales of $1.05bn in 1977. The company expects to spend $20m this year on capital expenditure and to open 25 new stores.

Grand Union's offer of 10.4 times last year's earnings could well be considered conservative by Colonial and since analysts are expecting an 8 per cent rise in the company's earnings this year, further negotiations may be on the cards.

Wet weather checks Cyanamid

WAYNE, June 29.

MAINLY BECAUSE of lower earnings from fertilisers and pesticides, American Cyanamid's second quarter net income is expected to be about level with a year earlier, despite a 15 per cent increase in sales. So forecasts Mr. James G. Affleck, chairman. Last year's second quarter net income was $39.3m or 82 cents a share on sales of $600.7m.

The second-quarter estimate indicates that the first-half net will be about $75.7m or $1.58 a share, up from $70.9m or $1.48 a share a year earlier, and that first-half sales will be about $1.34bn against $1.17bn.

Mr. Affleck states that full-year earnings should rise by a greater percentage than for the first half, although he declined to be more specific. For all 1977 Cyanamid had a net income of $139.4m or $2.92 a share on sales of $2.41bn.

Current quarter sales of agricultural products—which last year accounted for almost a quarter of total returns, will be up slightly from a year earlier, but earnings will be off about 20 per cent. An unusually wet spring delayed plantings in the U.S. corn belt, hurting Cyanamid's fertiliser and pesticide operations.

Second-quarter chemicals and fibres sales combined (last year representing 23 per cent of the total) are expected to produce a 10 per cent increase and a 10 to 15 per cent earnings gain.

EUROBONDS

$30m convertible for Boots

BY MARY CAMPBELL

THE DOLLAR sector picked up a little yesterday, as did the U.S. dollar domestic bond market. The recovery in London was, however, said to be mainly technical.

The main new issue news came from the UK—two issues, a floating rate note for Midland Bank and a $30m convertible for Boots.

The $100m Midland Bank floater will offer a margin of a quarter of a point over LIBOR, with a minimum of 5½ per cent, terms which look generous by comparison with many comparable quality issues recently until one looks at the maturity—a 15-year bullet. Lead managers will be European Banking Co., Credit Suisse White Weld and Samuel Montagu.

Activity in the Belgo-Luxembourg area is moving apace. In addition to the Renault and BAT Luxembourg franc issues, the Industrialisation Fund of Finland has launched a LuxFr 250m, 10-year (7½ year average life) 8 per cent placement via Banque Generale du Luxembourg, while the European Coal and Steel Community is raising BFr [illegible] ($61m) on the Belgian domestic market. The issue offers an 8¼ per cent coupon for eight years at 99½. Lead manager is Societe General de Banque.

The Autoroute Basque's unit of account placement was yesterday priced at 99¼.

In Germany, the DM 50m convertible for the Japanese company Izumiya was launched last night, well ahead of the expected date. The coupon is 3¾ per cent and the maturity eight years with the conversion premium indicated at around 10 per cent. Bayerische Vereinsbank is lead manager.

In New York, the price of the Ito-Yokado convertibles shot up to well over 105 in first-time trading yesterday morning.

Brazil has agreed the terms of its proposed yen issue, while Pemex has indefinitely postponed its issue, Reuter reports from Tokyo. The Brazilian issue is Y30bn for 10 years at 6½ per cent. The issue price is 99.45 per cent.

Boots issue details, See Back Page

Profits rise at Pillsbury

MINNEAPOLIS, June 29.

THE MAJOR food concern, Pillsbury continued its profit growth into the fourth quarter, reporting net income 27 per cent ahead for the final period at $15.7m, to give 89 cents per share against the 70 cents for the same time last year.

Fourth quarter sales were also ahead, by 22 per cent to $475m. For the full year this brings the company which numbers Burger King, the competitor to McDonalds in the fast food business among its subsidiaries some 16 per cent higher at the net profit level to $17.5m or $4.14 a share against the $3.59 a share for the previous year.

Fiscal 1978 earnings include a gain of $1.2m on the disposition of discontinued businesses which comes out to 7 cents a share. Sales for the year are 12 per cent ahead at $1.7bn.

Agencies

Treasury bond issue at 8⅝%

By John Wyles

NEW YORK, June 29.

THE IMPACT of inflation on investors' expectations was highlighted yesterday when the U.S. Treasury attached the highest ever interest rate to a long term bond issue.

At 8⅝ per cent, the historic coupon on a $1.75bn 15-year bond issue will almost certainly hasten the arrival of a 9 per cent rate on a high grade corporate bond issue.

New long term double A rated corporates have been yielding around 8.9 per cent recently, but in order to maintain their traditional spread over Treasury issues, the cost of corporate borrowing will have to increase.

Short term Treasury issues have often sold for more than 9 per cent but the previous high on a long term Government bond was set at 8.5 per cent in 1974 on a 25 year issue.

Yesterday's landmark was reached at an auction on the Treasury bonds which produced an average yield of 8.63 per cent. The Treasury received $4.13bn of tenders.

The 8⅝ per cent rate is fuelling general concern about the direction of interest rates, particularly short-term. Last week the Federal Reserve Board raised its target rate for Fed funds. Investors and economists expect the rate to rise by another quarter per cent at least over the next week or so, while the strength of loan demand outside New York could lead to another round of increases in banking prime rates, perhaps as early as tomorrow.

Meanwhile, an increase in the cost of Government backed mortgage loans has been approved for the second time in a month. After rising from 8½ per cent to 9 per cent on May 23, the Government is allowing a maximum permissible rate of 9¾ per cent, the highest since August, 1974.

Stock market listing sought by Global Natural Resources

JERSEY, June 29.

GLOBAL NATURAL Resources Properties (GNRP), the last surviving offshoot of the Fund of Funds, the flagship of Bernie Cornfeld's failed IOS empire, has begun looking at the possibility of seeking an unofficial listing for its shares among some of the world's leading stock markets.

Currently the group's shares are only traded in an over-the-counter market in Frankfurt, changing hands recently at around $4.50.

Mr. Frank Beatty, the American president of GNRP, told shareholders at the company's annual meeting here today that the group wanted to increase the marketability of the shares and had been pursuing the possibility of an unofficial listing in a number of centres including London and New York.

He said however that there were a number of obstacles still to be overcome and that it was unlikely that the group would be able to achieve an unofficial listing in the current year and a full listing was even more distant.

The recent share price in Frankfurt reflects speculative interest in the group's Arctic natural gas interests which were transferred from the Fund of Funds to GNRP in 1970 in return for all of the issued share capital of the group. These shares were then distributed to FoF fund-holders as a dividend.

Of the 21m shares issued to the FoF holders around 9¼m are still unclaimed and are in the hands of Mr. E. R. E. Carter, a trustee appointed by the Supreme Court of Ontario, Canada.

Mr. Beatty said that gas exploration was progressing successfully within the Arctic area and that another company Pan Arctic Oils, had recently successfully proved the commercial possibility of extracting natural gas from the area with the installation of a well-head beneath the Arctic ice.

Mr. Beatty said that proven gas reserves of between 20 to 25 trillion (million million) cubic feet within the Arctic were necessary if a pipeline to distribute the gas was to be commercially viable. Currently reserves of around 13 trillion cubic feet had been discovered from seven fields currently operated by Pan Arctic, but an eighth field had recently been discovered.

Hart Schaffner optimistic

CHICAGO, June 29.

LOOKING forward to high-level consumer spending which should bring improved results in the third and fourth quarters, Hart Schaffner Marx, the clothing company, reports second-quarter net profit ahead by some 23 per cent to $3.8m to give 44 cents a share against the 36 cents for the same period of last year.

For the first half, the company is 23 per cent ahead with net profit at $9.6m, and with $1.12 a share against 91 cents last time.

AP-DJ

Kaufman and Broad ahead

LOS ANGELES, June 29.

Life insurance and housing concern Kaufman and Broad reports second quarter profit ahead by 87 per cent at $6m, to give 37 cents a share against the 19 cents for the same period last year. The latest quarter includes an extraordinary tax credit of $336,000 or 2 cents a share.

For the first six months this brings the company some 50 per cent higher to $6.3m at net profit level (or 38 cents a share against 25 cents for the same period of last year).

AP-DJ

Southern plans $170m financing

NEW YORK, June 29

THE PRESIDENT of Southe[rn], the utility company, Mr. Al[vin] W. Vogtle Jr., told analysts th[at] four financings totalling $17[0m] are scheduled during t[he] remainder of 1978.

The company's Gulf Pow[er] unit plans to sell $25m of fi[rst] mortgage bonds in Septemb[er], Georgia Power expects to s[ell] $75m in first mortgage bonds a[nd] $60m of preferred stock [in] October and Mississippi Pow[er] expects to sell $10m of fi[rst] mortgage bonds in December.

Due to the heavy downwa[rd] pressure on this year's earnin[gs] any recommendation of a di[vi]dend increase would have to ta[ke] into account Southern's conside[r]able need for rate relief, co[m]mented Mr. Vogtle.

Southern recently increas[ed] its payment to 38½ cents fro[m] 36½ cents in the fourth quart[er] of 1977, and has paid high[er] dividends to shareholders [in] each of the past 23 years.

The company expects t[he] fourth quarter of 1978 to t[he] second quarter of 1979 to [be] the most likely time for its ne[xt] offering of common stock, b[ut] plans are not definite.

The construction timetab[le] may be stretched by delayi[ng] certain projects scheduled f[or] completion in the mid- to la[te] 1980s.

But under present plans $4.3b[n] is expected to be spent in th[e] next three years, of which abo[ut] $1.2bn is budgeted for constru[c]tion activities in 1978.

In financing constructio[n] expenditures, Southern's nea[r] term goal is to maintain co[n]solidated capitalisation ratio[s] within the ranges of 55 to 57 pe[r] cent debt, 10 to 12 per cent pre[]ferred stock and 31 to 33 per cen[t] common equity.

Earnings of 41 cents a shar[e] for the five months ended in [] compared with 70 cents wa[s] reported this week, leaving ne[t] earnings for the 12-month perio[d] at $1.64 against $1.76. Total ne[t] for 12 months was $215.6m ($215.3m) on sales of $2.8b[n] ($2.4bn).

Agencies

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Dutch lift capital investment support

By Charles Batchelor

AMSTERDAM, June 29.

HOLLAND has introduced a revised scheme of government support—worth around Fls13bn ($5.8bn) over the next four years — for company capital investment. The new investment scheme will grant premiums on investments and will take the place of the existing investment allowances and accelerated depreciation which would have injected Fls.5bn into the economy over the same period. It will also allow loss-making companies to benefit from investment aid for the first time.

The new scheme was first proposed in June 1976, and its first phase has been made retroactive to May 24, 1978, and will promote small scale enterprises, regional economic development and major projects. The second phase is expected to take effect from January 1, 1979, and will make additional money available for innovation, energy conservation and improvement of the environment.

The new State investment support is being mounted through a complete switch of procedure. Previously capital outlays were deducted from profits before tax was levied. Under the new scheme, corporation tax is reduced directly by the amount and importance of the capital investment involved.

New investment in fresh business premises qualifies for the largest reduction—of almost half—in corporation tax. Thereafter, tax reductions descend in order of importance from investment on existing fixed assets to new plant. With few exceptions assets qualifying for the allowances are the same as those under the previous investment schemes. However, capital spending on houses, land, private cars and packaging is excluded.

Investments in the special regions, covering parts of the provinces of Groningen, Drenthe, Overijssel, Friesland and Limburg, will also qualify for extra tax reductions. To encourage the dispersal of businesses out of the crowded centre and west of Holland, investment allowances will be offset by a 15 per cent levy on new building and 8 per cent on equipment installed in the areas.

Legal moves to smooth multinational borrowing

BY MARY CAMPBELL

THE Bank of England has taken action to eliminate a major legal block to borrowing by certain multinational institutions under English law.

The impediment arose as a result of a legal opinion given by counsel in connection with a $200m loan for the East European organisation International Bank for Economic Co-operation (IBEC) in January 1977. Mr. Maurice Mendelson of Counsel who gave the opinion has now reversed his view.

The new opinion opens the possibility of banks in London again arranging loans under English law to organisations like IBEC.

The 1977 opinion was given by Mr. Maurice Mendelson to lawyers Slaughter and May acting on behalf of Bank of America, one of the lead managers for last year's $200m abortive loan. Mr. Mendelson cast doubt on whether International organisations set up by treaties to which the UK is not a party could sue or be sued on loan contracts under English law. As a result of this qualification, Bank of America decided it could not go ahead with the IBEC loan.

Loans were subsequently ararnged by East European countries via banks in other countries, notably Germany. This caused concern to the Bank of England since it meant loss of invisible earnings by banks in London.

At the same time there was considerable argument among lawyers on the subject.

The Bank therefore decided to do what it could to clarify the position and obtained the views of the legal specialists at the Foreign and Commonwealth Office. These specialists basically said that it did not see why there should be any problem, if only because London banks had been doing business of one kind or another with Treaty organisations ever since they were established.

The view of the Foreign and Commonwealth Office was set down on paper in the form of a letter to the Bank.

It is understood that on the basis of the Foreign and Commonwealth Office's view plus views expressed elsewhere by members of the legal community, Mr. Maurice Mendelson indicated that he would be prepared in future to give a different view from the one he had given over the IBEC loan in January 1977.

At this point the Bank of England retained Mr. Mendelson via lawyers Freshfields to give an opinion. This new opinion has now been distributed by the Bank to City lawyers.

Kvaerner order intake poor

BY WILLIAM DULLFORCE

STOCKHOLM, June 29.

NORWAY'S Kvaerner Group reports a 14.7 per cent increase in sales to NKr 659m ($122m) during the first four months. It gives no profits figure, because financial settlements are spread unevenly over the year and the four-month figure would give a "misleading" impression.

The management, however, repeats its forecast that 1978 earnings will be relatively good, although considerably lower than the NKr 169m pre-tax achieved on a NKr 2.4bn turnover last year.

The order intake during the first four months has been poor, only NKr 496m against the NKr 505m obtained during the corresponding period last year.

Further orders valued at about NKr 170m were obtained in May, but the order position is described as serious. Group order books had dropped by NKr 145m to NKr 1.42bn since the beginning of the year.

However, Kvaerner is in the final stages of negotiating a NKr 3.5bn contract for the delivery of a floating gas liquefaction plant to the National Iranian Gas Company (NIGC). An agreement in principle has been signed with NIGC which has in turn obtained a 22-year contract to supply liquefied natural gas to Columbia LNG Corporation of the U.S.

The final contract depends on the approval of the Iranian and American authorities and on satisfactory credit arrangements being reached. The Norwegian trade ministry has already indicated that it will guarantee up to NKr 3bn, and Parliamentary approval is expected to be a formality. Kvaerner hopes to have the contract clear by the end of the year.

The group held liquid assets of NKr 366m at the end of April, in addition to unused bank credits and advance payments on ships of NKr 81m. Liquidity was boosted by the delivery of a ship, and will decline during the rest of the year. During the report period Kvaerner took up a 10-year DM 20m loan with a coupon of 5¾ per cent.

Enskilda Banken expansion in Europe

BY OUR NORDIC CORRESPONDENT

STOCKHOLM, June 29

SKANDINAVISKA Enskilda Banken (SEB) is increasing the share capital in two of its European operations. Riksbank (Swedish central bank) approval has been sought to place a further DM10m in Deutsch-Skandinavische Bank, Frankfurt, in which SEB holds 50 per cent of the share capital. Deutsch-Skandinavische's share capital will be raised by DM20m to DM60m.

SEB has already received Riksbank authority to double the share capital in its wholly-owned Luxembourg subsidiary to LuxFr 500m. This bank was established only a year ago.

Deutsch-Skandinavische, the youngest of SEB's associate banks, is in its third year of operation. Its balance sheet grew by 68 per cent to just over DM1bn last year, and an increase in share capital is needed to maintain the capital ratio. In addition, the larger share capital will, under West German regulations, allow the bank to raise the size of its loans to individual customers.

The Scandinavian Bank in London, in which SEB has a 35 per cent interest, recently increased its capital base by £16m to £61m through a DM20m loan and a $20m loan taken up in Bahrein.

Steyr sets targets for new BMW venture

By Paul Lendvai

VIENNA, June 29.

STEYR-DAIMLER-PUCH, Austria's leading motor concern, expects to produce between 100,000 and 150,000 diesel engines a year under the $145m co-operation venture announced this week with West Germany's BMW.

A joint Austrian company with a basic capital of Sch800m has been set up and the plant, whose location will be decided this autumn, is due to start operations in 1982, Steyr managing director Herr Michael Malzacher said.

Steyr-Daimler-Puch, controlled by the country's largest bank, Creditanstalt Bankverein, already makes some 30,000 diesel engines a year for lorries and tractors.

Those to be produced under the new venture, one of the country's largest industrial projects since World War Two, will mainly consist of 100 horsepower motors, intended for cars and also suitable for boats.

Shares in the new company are held equally by Steyr and BMW, with a 2,000 strong workforce and Sch3-5bn yearly turnover envisaged.

Steyr is also currently working on joint projects with Daimler-Benz of Germany on a cross-country vehicle, with Italy's Fiat, and with Polmot, the Polish state motor concern, in the lorry sector.

The company is putting the emphasis more and more on the export of high quality technology and on co-operation with strong foreign partners to compete with Japanese companies.

Co-operation with BMW will be further expanded in the future, and Steyr stressed that in view of the contributions by the two sides, the 50/50 interest held by Steyr and BMW was justified. It is reckoned that about half the annual output will be exported to third countries. It is also possible that diesel engines from the new venture will be bought by Fiat, a long standing Steyr partner.

Dr. Heinrich Treichl, chairman of the supervisory board of Creditanstalt, noted at a Press conference that the project involved the export of Austrian technological innovations such as the diesel motor invented and developed by Professor List, the Austrian scientist.

Rising costs and currency swings hit Henkel profit

BY JONATHAN CARR

BONN, June 29.

NET PROFIT of the Henkel Group, one of West Germany's leading detergent, home chemicals and cosmetics producers, fell sharply last year to DM 56m ($27m) after DM 75m in 1976. Total world turnover rose by 5 per cent to DM 6bn ($2.9bn)—of which foreign sales accounted for 51 per cent, a slightly higher proportion than in the previous year.

Dr. Konrad Henkel, the chief executive of the family-controlled concern, named the following key problems in 1977: continued stagnation of domestic consumer demand; unusually high increase in wage and social costs; and severe currency fluctuation, notably of the dollar. An unusually high provision for pensions payment also affected last year's profits figure.

Despite the problems, Henkel maintains that it has gone far to achieving twin aims to strengthen its long-term position. One is to obtain a roughly equal balance in its range between brand articles (Persil is one Henkel product) and chemicals. The other is to ensure that foreign sales account for a good half of total business.

The key company development last year was the purchase for DM 175m of General Mills Chemicals of Minneapolis. Here the Henkel strategy is not only to build up an even stronger position on the U.S. chemicals market—the world's biggest—from the inside: it is also to gain access to research and know-how which will feed back to benefit the products and results of the German parent.

Last year Henkel's investment expenditure rose by DM 30m against 1976 to DM 117m. Roughly half went to enlargement and renewal of the means of production. About the same investment sum is planned for this year.

Downturn at Fomento de Obras

BY DAVID GARDNER

BARCELONA, June 29.

FOMENTO DE Obras y Construcciones (FOC), one of the five largest building contractors in Spain, turned in gross profits last year of Pta 556m ($7m), 8.3 per cent down on 1976. Capital and reserves increased slightly to Pta 3.8bn, while turnover was up 13 per cent to just over Pta 14 bn ($170m), approximately 12 per cent of the Spanish market, which last year experienced an estimated 6 per cent drop.

The company's annual meeting took the decision to dispose of a considerable portion of its land holdings in favour of the renewal and improvement of its capital goods assets, and to ease liquidity. In addition, the company proposes to decentralise its activities, in tune with the future process of Spanish devolution. FOC is Barcelona-based but conducts some 70 per cent of its business outside Catalonia.

The company's order book was worth Pta 19bn by the end of last month, including valuable private and public contracts in Latin America and the Middle East. Further international contracts, which could more than double the company's current order book are under negotiation in Iraq, Kuwait and Saudi Arabia.

At home it has won several important contracts, among them one to build extensions to the Barcelona underground railway, one for the building of a new gear-box factory for the Seat car company south of Barcelona, and another for sections of the Bilbao-Zaragoza motorway.

But although FOC's foreign contracts are beginning to make up for the contraction of the home market, the company points to difficulties in getting payment for public contracts from increasingly insolvent local authorities. Barcelona town hall, for example, has accumulated debts of around Pta 12bn in public transport alone.

While the fall in private investment is affecting all sectors of Spanish industry, the brick and mortar of the major Spanish contractors has traditionally been the public contract. Thus the completion of only 30 per cent of the Government's public housing programme for last year was a heavy blow for the construction industry as a whole.

$75m Colombian loan

BY MARY CAMPBELL

THE COLOMBIAN electricity authority, Interconexion Electrica (ISA), is to raise $75m from a group of international banks in a loan which will be arranged under Colombian laws and jurisdiction. The loan is guaranteed by Colombia, and is for a final maturity of 10 years. The margins payable over inter-bank rates will be ¾ per cent for the first two years, 1 per cent for the subsequent three years and 1¼ per cent for the last five years. Orion Bank is lead manager.

The mandate for Morocco's proposed $300m loan has now been awarded. The loan will be for eight years at a margin over inter-bank rates of one percentage point. The managers will be Bank of America, AmRo, Bank of Montreal, Chase Manhattan, DG-Bank, Société Financière Européenne and Standard Chartered.

In Japan, a syndicate of 21 Japanese banks is to lend Y18bn ($86m) for 10 years to the Algerian state-owned shipping company Cie. Nationale Algerienne de Navigation (CNAN). The rate will be 7.7 per cent for the first five years, Reuter reports from Tokyo, that is the current Japanese prime lending rate of 7.1 per cent plus a margin of 0.6 per cent. At the end of the fifth year, the rate will be changed to the then prime rate plus the same spread.

Disputes hit Audi output

MUNICH, June 29.

Volkswagen subsidiary Audi NSU produced 142,500 vehicles in the first five months of 1978, down 3.7 per cent from the same period of 1977, Audi management Board chairman Herr Gotlieb Strobl told the annual meeting.

The lower volume was due to the wage disputes earlier this year, he said, adding that the company's share of the domestic market was little changed from last year's 9.5 per cent.

The company aims to achieve a DM 4.4bn ($2.1bn) turnover this year, up from last year's DM 4.2bn.

Reuter

INTERNATIONAL FINANCIAL AND COMPANY NEWS

JAPANESE COMPANIES

Record half-year for Matsushita

BY CHARLES SMITH

TOKYO, June 29.

RECORD SALES and profits have been registered by Matsushita Electrical Industrial Company, the parent company of the Matsushita group, during the first half of its new fiscal year. Net profits increased by 13.7 per cent to Y26.4bn ($128.2m).

Sales for the six months to May 20, at Y751.6bn ($3.6bn), were 7.5 per cent higher than in the same period of the previous year, and Current profits rose 3.5 per cent to Y50.2bn.

Matsushita thus retains its position as one of the Japanese electronics companies which have maintained or increased profits despite the adverse effects of yen appreciation on overseas earnings.

The export-dependency of the Matsushita parent company is less than that of some competitors—with exports, at Y159bn, accounting for 28 per cent of sales during the later six months. Even so, it would appear that Matsushita had to rationalise production processes, reduce materials costs and adopt a variety of other measures to retain competitive strength in the face of the yen appreciation.

The company faced fewer problems of adjustment in highly sophisticated sectors such as video-tape recorders (VTR) than in standard production lines such as colour television. The success of rationalisation and cost cutting efforts is reflected in a 10 per cent rise in export earnings.

Matsushita is forecasting sales for the year of Y1.55bn, up 8 per cent on the 1977 level, and current profits of Y100bn, marginally up on last year's Y99.7bn. The company nevertheless appears to believe that adaption to the effects of the Yen's latest rise (to a rate of just over Y200 to the dollar) may prove more difficult than the adjustment process carried out earlier in the year when the Yen was rising through the range of Y250 to Y230.

Maintaining profitability in tthe Y200 range will depend more than ever on the ability to maximise sales of high value added products which face relatively limited competition in overseas markets.

Increased loss at Kanebo

By Our Financial Staff

KANEBO, the deficit-hit Japanese textile company, made a taxed loss of Y2.68bn ($13m) in the year to April 30, compared with a loss of Y907m in the previous year.

Sales were reduced by 16.6 per cent to Y360.2bn ($1.7bn), from Y431.97bn. The dividend is again passed.

Kanebo has suffered with other Japanese synthetic fibremakers from the prolonged recession in the industry, and has been hit by the rise in the yen in the foreign exchange market.

* * *

Mr. Hisao Tsubouchi, 63, has been formally named as president of the financially-troubled Sasebo Heavy Industries the major Japanese shipbuilding company, in place of Mr. Akira Murata, AP-DJ reports from Tokyo.

The company's financial crisis came to the fore in the latter half of last year as a result of the prolonged slump in the world ship market.

Its main bankers, including Dai-Ichi Kangyo Bank, recently agreed to coperate in its rehabilitation. This came after the Prime Minister, Takeo Fukuda, had instructed Transport Minister Kenji Fukunaga and his aides to take steps to help the company.

The new Sasebo chief executive officer is president of Kurushima Dock Company, a smaller but prosperous shipbuilder.

Aluminium industry reshaping

BY ROBERT WOOD

TOKYO, June 29.

MITSUI GROUP companies will acquire most of Nippon Steel's share of Sky Aluminium, an aluminium fabricating company, in a large-scale reorganisation of part of the deficit-ridden Japanese aluminium industry.

The Mitsui companies include Mitsui Aluminium, a refiner, and Mitsui and Co., the trading company of the loosely knit Mitsui confederation. Sky Aluminium is already 27.25 per cent owned by Showa Denko, a diversified chemical company with an aluminium refining subsidiary. The grouping will lead to co-operation among Mitsui, Showa, and Sky in sales, production, and scrapping of excess capacity.

Japan's seven aluminium refiners have accumulated Y67bn ($325m) in deficits since the oil crisis raised Japanese electricity rates and cut demand for their product. Aluminium produced with foreign hydroelectric power is now cheaper than Japanese aluminium, but the Japanese Government believes that when world demand recovers the domestic industry will be needed.

Aluminium has been designated a "structurally depressed industry," eligible for Government-guaranteed loans to pay retirement allowances to surplus personnel when equipment is scrapped. But the Japanese do not plan to close any of their seven smelters, because of the difficulty of finding sites for new ones if they are later needed.

Nippon Steel's share in Sky Aluminium had been identical to Showa Denko's. The Mitsui companies will acquire 17 per cent from Nippon Steel, which will make their share approximately equal to Showa Denko's when added to stock they already own.

The grouping is consistent with the Japanese Government's policy of encouraging aluminium companies to cooperate to deal with the current slump. Officials have been quoted as saying that when industry reorganisation is complete, mergers might leave Japan with as few as two domestic aluminium refiners. But Mitsui and Co. said today that no merger between Mitsui Aluminium and Showa's aluminium subsidiary was contemplated.

Paul Y Construction setback

BY RON RICHARDSON

HONG KONG, June 29.

CONSOLIDATED net profit of Paul Y. Construction Company fell by 30 per cent to HK$16.24m (US$3.5m) in the year to March 31, in line with the setback reported at mid-year.

Although no reasons were given by the company for the lower full-year profit, the 30 per cent reduction in first half profit was attributed to heavy costs the company had had to bear as a result of delays in beginning work of Hong Kong's Mass Transit Railway (MTR).

The company holds MTR contracts which it valued last year at HK$572m. It has announced that it has lodged "substantial contractual claims"—believed to total almost HK$100m—against the Mass Transit Railway Corporation for costs it has incurred because the corporation failed to give possession of a number of construction sites at specified times, and because of last-minute changes in contract specifications.

Directors seem more confident of the company's earnings now than they did at mid-year, as the final dividend is 10.5 cents compared with 9.5 cents last year (after allowing for a one-for-ten bonus issue). The interim dividend was halved to 2.5 cents, and the total payout of 13 cents compares with the previous year's adjusted 14.5 cents.

Sharp gain at Toyo Kogyo

By Our Own Correspondent

TOKYO, June 29.

A SHARP recovery has been staged by Toyo Kogyo, one of Japan's top four car manufacturers. Current profits for the half-year to April 1978 amounted to Y6.16bn ($30m) —a gain of 157 per cent on the Y2.4bn registered in the six months to April, 1977. After-tax profit was Y3.36bn, against Y2.68bn.

Sales amounted to Y323.6bn ($1.6bn), an increase of 6 per cent on the previous corresponding period.

The profit recovery in the first half reflects not only improved sales but also a reduction in Toyo Kogyo's previously over-large inventory of completed vehicles (by more than 20,000 vehicles from last autumn's level of 50,000 vehicles). Reduction of the inventory means that Toyo Kogyo has been able to reduce its outstanding borrowings from banks.

Production during the six months totalled 398,892 vehicles, up from 367,944 units in the same period of last year. Total sales, however, came to 423,138 units. The difference between the two figures corresponds to the reduction in inventory, which Toyo Kogyo claims is now at a "normal" level in relation to the rest of its operations.

Toyo Kogyo is forecasting a continued profit recovery during the second half of its business year, reflecting improved operating levels, reduced financing burdens and a relative lack of exposure to exchange risks (carried in Toyo Kogyo's case by the trading companies which handle its exports).

Export sales rose from 222,089 units to 270,049 units between the first half of the 1977 business year and the six months ending on April 30—or by a margin of 21.5 per cent. Domestic sales in unit terms rose by only 5.4 per cent from 145,226 units to 153,089. This performance increases Toyo Kogyo's already high ratio of dependence on exports, which ranks as a potential hazard in view of the increasing tendency of foreign countries to erect barriers against Japanese car exporters.

In terms of vehicle numbers the export ratio works out at 63 per cent, one of the highest in the Japanese motor industry.

The other disturbing feature in the company's sales performance is a decline in passenger car registrations in the Japanese domestic market (compensated for by a disproportionate rise in truck registrations). Car sales fell from 93,724 units during the six months ending April 1977 to 78,258 units during the latest period. At this level Toyo Kogyo's overseas passenger car sales were more than double its domestic sales.

The disappointing performance of domestic car sales suggests that Toyo Kogyo has still not found its feet in the home market following the series of problems it experienced with rotary engine car sales after the oil crisis. A new rotary engined car, the Savannah RX-7 launched last spring is said, however, to be proving very successful.

MALAYSIAN TEXTILES

Hard times follow boom

BY WONG SULONG IN KUALA LUMPUR

Hard times have come to the Malaysian textile industry, following the investment boom of the early 1970s. Most of the major companies made losses last year in the face of competition from Asian rivals and protectionism in the developed countries. Malaysian manufacturers welthis year's EEC-Malaysia agreement but feel they need greater support from the Government

THE MALAYSIAN textile industry, which received a sharp boost in the early 1970s from the spilling over of investments from Japan, Taiwan and Hong Kong, has fallen on hard times—in the face of protectionism in the developed countries and fierce competition from its Asian rivals.

This is borne out by the dismal balance sheets of the textile companies quoted on the Kuala Lumpur stock exchange.

Of the eight publicly-quoted textile companies, three—Folex Industries, India-Malaysia Textiles and Malaysia Textile Industries—suffered losses last year, while the other five recorded only marginal gains.

The biggest textile group—the unquoted Pen Group—which is a venture between Toray, of Japan, and Alliance Textile, of Hong Kong, has incurred accumulated losses of 60m ringgits (some US$25m) since it began operations in Penang in 1974.

"Most Malaysian textile companies are now operating on bank overdrafts," says Mr. Ng Ufong, secretary of the Malaysian Textile Manufacturers Association.

For the Malaysian textile industry as a whole, output fell by 3.2 per cent last year, after rising by 41 per cent in 1976. Exports rose by only 6.7 per cent to 323m ringgits, compared with a 45 per cent rise the previous year.

Unless new markets are found quickly to lessen the dependence on such traditional markets as the EEC, North America and Australia, some of the smaller textile plants are expected to close before long.

With restrictions in the traditional markets stunting growth, Malaysian textile companies are finding, to their frustration, that the local Malaysian market is being eroded by their more efficient rivals from Hong Kong and Taiwan.

Folex Industries, which suffered a loss of 3.3m ringgits last year, to bring its accumulated loss to 30.8m ringgits, blames its losses largely on such competition.

Last year, the Australian authorities put a ban on shirts from Malaysia, and this nearly put an Australia-Malaysian company, Midford, out of business.

The Midford episode served to crystallise Malaysia's resentment over growing Australian tariffs, and after much pressure, the Canberra Government this year relented by allowing Midford to export 168,000 shirts out of the global quota of 380,000.

It is therefore not surprising that Malaysian textile manufacturers are privately pleased with the deal from the EEC. Under the EEC-Malaysia agreement, signed this year, only nine categories of Malaysian textiles are subjected to restraint (with growth rates limited to a 0.5 per cent to 3 per cent), in contrast with severe restraints imposed on Hong Kong and South Korea.

The agreement cleared the uncertainties prevailing throughout last year.

The industry is unhapp however, over the Governmen attitude towards its plight ar has presented a memorandu seeking help.

Basically, the industry's co tention is that in the curre situation, the Governme should restrict the local mark to local manufacturers, ar give more subsidies to allo them to compete overseas.

The memorandum points o that the import tax for textil and garments among Malaysia neighbours is several tim higher than Malaysians, whi textile plants in these countri are heavily subsidised by th state.

"A (Government) re-examin tion of the overall policy fo this industry, which employs labour force of 50,000 to 60,0 workers, is sorely needed this time," says Mr. David Le chairman of South Pacif Textile Industries.

But manufacturers admit th industry lacks the politic force to nudge the Governme into action.

The Government, for its par feels that textile companies ar receiving adequate incentiv and protection, with some bei granted pioneer tax-free statu while others are located in th free trade zones.

The authorities believe th the companies could sharpe their competitive edge if the streamlined their operations ar improved their management.

Malaysian officials are confi ent the country's textile industr will surge forward once th industrialised countries recove They base their optimism on th expectation of internation economic recovery bein followed by a relocation of textil plants, and see Malaysia—wit its relatively cheap and skille labour, and plentiful supply o land and power—as well place to provide a new home for suc plants.

Yeo Hiap Seng plans takeover

BY WONG SULONG

KUALA LUMPUR, June 29.

YEO HIAP SENG (Malaysia) Berhad, (YHSM) the fast-expanding manufacturer of canned foodstuffs and soft drinks, has announced plans to buy Leong Sin Nam Farms (LSN), another rapidly growing food company, specialising in the growing and processing of livestock products.

YHSM proposes offering 550 shares of one ringgit each plus 376.28 ringgits in cash for every 1,000 shares of one ringgit each of LSN.

Directors of LSN said the offer was a fair one and they themselves would accept the offer for 4.44m shares, representing 63.4 per cent of LSN's capital.

The offer is conditional upon LSN shareholders' approval for sale of some LSN assets, not related to its principal business. These assets, mainly a mining subsidiary and several shops, are valued at 2.6m ringgits.

The proceeds of the sale will be equivalent to the total cash portion of the offer, which means that YHSM would not have to use its own cash in the deal.

LSN has a paid-up capital of 7m ringgits. Its tangible assets at the end of October last year amounted to 8.67m ringgits, while pre-tax profit was 1.03m ringgits.

YHSM is a subsidiary of YHS Singapore.

* * *

After suffering an accumulated loss of 3.3m ringgits (U.S.$1.4m) over the past three years, Synthetic Resins Malaysia, expects to turn in a profit in the current year, Wong Sulong writes from Kuala Lumpur.

In a reply to the Kuala Lumpur Stock Exchange query about its recent two-for-five rights issue, the company said that it expects a trading profit of 645,000 ringgits for the year ending June. The rights issue would bring in an extra 2.56m ringgits, which is needed for working capital and acquisition of fixed assets.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8½pc 1989	96½	97½
AMEV 8pc 1987	95	95½
Australia 8½pc 1992	92½	93
Australian M. & S. 9½pc '92	96½	97½
Barclays Bank 8½pc 1992	94½	95
Bowater 9½pc 1992	96½	97
Can. N. Railway 8½pc 1986	94	94½
Credit National 8½pc 1986	95½	96
Denmark 8½pc 1984	97½	98½
ECS 9pc 1993	98½	99½
ECS 8½pc 1997	93½	94½
EIB 8½pc 1992	97	97½
EMI 9½pc 1989	97½	98½
Ericsson 8½pc 1989	95½	96
Esso 8pc 1986 Nov.	99½	100
Gt. Lakes Paper 8½pc 1984	96½	97½
Hamersley 9½pc 1992	99½	100½
Hydro Quebec 9pc 1992	94½	95
ICI 8½pc 1987	95½	96½
ISE Canada 9½pc 1986	102½	103½
Macmillan Bloedel 9pc 1992	93½	94½
Massey-Ferguson 9½pc '91	98	99
Michelin 9½pc 1988	100	100½
Midland Int. Fin. 8½pc '92	94	94½
National Coal Bd. 8pc 1987	92½	93½
National Wstmnstr. 9pc '86	99½	100½
Natl. Wstmnstr 9pc '86 'B'	99½	100½
Newfoundland 9pc 1989	95½	96
Nordic Inv. Bank 8½pc 1988	96½	97
Norges Kom. Bk. 8½pc 1992	95	95½
Norpipe 8½pc 1989	94½	95½
Norsk Hydro 8½pc 1992	94½	95½
Oslo 9pc 1988	95½	99½
Ports Autonomes 9pc 1991	97½	98
Prov. Quebec 9pc 1995	93½	94
Prov. Saskatchwn. 8½pc '86	97½	98
Reed International 9pc 1987	92	94
RHM 9pc 1992	93	93½
Selection Trust 8½pc 1989	90	91
Shell Intl. Fin. 8½pc 1990	94½	95½
Skand. Enskilda 9pc 1991	97	97½
SKF 8pc 1987	91½	92½
Swedish (K'dom) 8½pc 1987	93½	94½
United Biscuits 9pc 1989	97	97½
Volvo 8pc 1987 March	92½	93½

NOTES	Bid	Offer
Australia 7½pc 1984	93½	94
Bell Canada 7½pc 1987	95½	96
Br. Columbia Hyd. 7½pc '85	91½	92½
Can. Pac. 8½pc 1984	96½	97½
Dow Chemical 8pc 1986	98½	99
ECS 7½pc 1982	94½	95½
ECS 8½pc 1989	93½	94½
EEC 7½pc 1982	95	95½
EEC 7½pc 1984	94	94½
Enso Gutzeit 8½pc 1984	96	96½
Gotaverken 7½pc 1982	95½	96½
Kockums 8pc 1983	96½	97½
Michelin 8½pc 1983	95½	98½
Montreal Urban 8½pc 1981	98½	99
New Brunswick 8pc 1984	96	96½
New Bruns. Prov. 8½pc '83	98½	99½
New Zealand 8½pc 1986	95½	96
Nordic Inv. Bk. 7½pc 1984	94	94½
Norsk Hydro 7½pc 1982	95½	96
Norway 7½pc 1982	94½	95
Ontario Hydro 8pc 1987	93	93½
Singer 8½pc 1982	99½	100½
S. of Scot. Elec. 8½pc 1981	97½	98½
Sweden (K'dom) 7½pc 1982	94½	95½
Swedish State Co. 7½pc '82	95½	96
Telmex 9½pc 1984	98½	99½
Tenneco 7½pc 1987 May	91½	92½
Volkswagen 7½pc 1987	93	93½
STERLING BONDS		
Allied Breweries 10½pc '90	87½	88½
Citicorp 10pc 1993	90½	91½
Courtaulds 9½pc 1989	88½	89½
ECS 9½pc 1989	94	95
EIB 9½pc 1988	94½	95½
EIB 9½pc 1992	91½	92½
Finance for Ind. 9½pc 1987	89½	90½
Finance for Ind. 10pc 1989	91½	92½
Fisons 10½pc 1987	95	96
Gestetner 11pc 1988	90	91

DM BONDS	Bid	Offer
Asian Dev. Bank 5½pc 1988	96	96½
BNDE 6½pc 1986	96½	97½
Canada 4½pc 1983	97½	98½
Den Norske Id. Bk. 6pc '90	99½	100
Deutsche Bank 4½pc 1983	97½	98½
ECS 5½pc 1990	94	94½
EIB 5½pc 1990	94	94½
Elf Aquitaine 5½pc 1988	94½	95
Euratom 5½pc 1987	97½	98½
Finland 5½pc 1986	97½	98
Forsmarks 5½pc 1990	97½	98
Mexico 6pc 1985	96	96½
Norcem 5½pc 1989	99½	100½
Norway 4½pc 1982	99	99½
Norway 4½pc 1983	97	97½
PK Banken 5½pc 1988	96	96½
Prov. Quebec 6pc 1990	96½	97½
Rautaruukki 5½pc 1988	95	95½
Spain 6pc 1988	95½	96
Trondheim 5½pc 1988	96	96½
TVO Power Co. 6pc 1988	96½	97½
Venezuela 6pc 1988	96½	97½
World Bank 5½pc 1990	97½	98½
FLOATING RATE NOTES		
Bank of Tokyo 1984 8½pc	99½	100
BFCE 1984 8½pc	99½	99½
BNP 1983 8 11/16pc	100½	100½
BQE Worms 1985 9pc	98½	99
CCF 1985 8½pc	99	99½
CGMF 1984 8 11/16pc	99½	99½
Creditanstalt 1984 8½pc	99	99½
DG Bank 1982 9pc	100	100½
GZB 1981 8 11/16pc	99½	100½
Intl. Westminster 1984 8pc	99½	99½
Lloyds 1983 8 15/16pc	100½	100½
LTCB 1983 8pc	99½	100
Midland 1987 8 9/16pc	99½	99½
Nat. Westminster '90 9 5/16pc	99½	99½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	82½	84
Ashland 5pc 1988	92½	94
Babcock & Wilcox 6½pc '97	102½	103½
Beatrice Foods 4½pc 1992	96	97½
Beatrice Foods 4½pc 1992	106½	108
Beecham 6½pc 1992	95	96
Borden 5pc 1992	98	99½
Broadway Hale 4½pc 1987	75½	77
Carnation 4pc 1987	78	79½
Chevron 5pc 1988	124½	125
Dart 4½pc 1987	79	80½
Eastman Kodak 4½pc 1988	83½	85
Economic Labs. 4½pc 1987	78	79½
Firestone 5pc 1988	80½	82
Ford 5pc 1988	85½	87
General Electric 4½pc 1987	79½	81
Gillette 4½pc 1987	74½	76
Gould 5pc 1987	114½	116
Gulf and Western 5pc 1988	85½	87
Harris 5pc 1992	177	179
Honeywell 6pc 1986	84½	86
ICI 6½pc 1992	88	89
INA 6pc 1997	95½	97
Inchcape 6½pc 1992	111½	112½
ITT 4½pc 1987	77½	79
Jusco 6pc 1992	115½	116½
Komatsu 7½pc 1990	140	141
J. Ray McDermott 4½pc '87	[illegible]	157½
Matsushita 6½pc 1990	176½	177½
Mitsui 7½pc 1990	127	129
J. P. Morgan 4½pc 1987	95	96½
Nabisco 5½pc 1988	104	105½
Owens Illinois 4½pc 1987	111½	113
J. C. Penney 4½pc 1987	76	77½
Revlon 4½pc 1987	120½	122
Reynolds Metals 5pc 1988	81½	83
Sandvik 6½pc 1988	108½	110
Sperry Rand 4½pc 1987	91½	93
Squibb 4½pc 1987	81	82½
Texaco 4½pc 1988	78	79½
Toshiba 6½pc 1992	133	134
Ty Co. 5pc 1984	73½	75
Ty Co. 8½pc 1988	99½	100½
Union Carbide 4½pc 1982	94½	96
Warner Lambert 4½pc 1987	80½	82

Source: Kidder, Peabody Securities.

APPOINTMENTS

Group Finance

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• THE second post—Head of Internal Audit—carries responsibility for establishing and developing an effective group internal audit function. Practical internal auditing experience in industry is therefore essential. Preferred age 40 plus. Salary around £9,000 with car.

• BOTH posts will be based in Central London.

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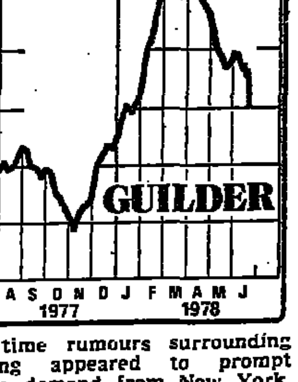
Currency, Money and Gold Markets

French franc and pound very firm

There was a good commercial demand for the French franc and sterling in the foreign exchange market yesterday afternoon. The market appears to be full of rumours at present about the European currency snake, and it has been suggested for some days that the French franc may rejoin the joint float agreement in the near future. This now seems to have fed through to the pound, with rumours that sterling may be another candidate for membership of the snake pushing the pound to its highest level against the dollar since April 13. The pound opened at $1.8530-1.8540, and touched a low point of $1.8525-1.8535, but was slightly firmer by mid-afternoon. At about



this time rumours surrounding sterling appeared to prompt strong demand from New York, and the pound closed at a high point of $1.8660-1.8670, a rise of 1.20 cents on the day.

Sterling's trade-weighted index, as calculated by the Bank of England, rose steadily to 61.6 from 61.4 on Wednesday. It stood at 61.4 in early trading and 61.5 at noon.

The French franc's rise was also because of rumours about the snake, and it closed at FFr 4.4850 against the dollar, compared with FFr 4.5325 previously.

The present members of the joint float were fairly steady against the dollar, with the Belgian convertible franc unchanged at BFr 32.61, and the Dutch guilder unchanged at Fl 2.2310.

Most other currencies were slightly firmer in terms of the dollar, with the Swiss franc quoted at SwFrs 1.8545, against SwFrs 1.8605 previously, and the Japanese Yen a little stronger at Y205.20, compared with Y205.60 on Wednesday.

Morgan Guaranty's calculation of the dollar's depreciation reflected the U.S. currency's overall weakness, widening to 7.1 per cent from 7.0 per cent.

PARIS—The dollar lost ground against the French franc in nervous trading. It finished at FFr 4.5140, compared with FFr 4.5265 late Wednesday, following continued rumours about the French franc and the snake. News that French banks are to lower base lending rates next Monday also helped the franc, and it improved to FFr 2.1736½ from FFr 2.1790 against the D-mark, and to FFr 2.4320 from FFr 2.4365 in terms of the Swiss franc. Sterling also lost ground against the French franc, finishing in Paris at FFr 8.3680, compared with FFr 8.3960 on Wednesday.

BRUSSELS—Fears of a realignment of the currencies in the European currency snake tended to depress the Belgian franc yesterday. The West German D-mark rose to BFr 15.7415 from BFr 15.7265, moving the franc nearer to its intervention point of BFr 15.7650 against the German currency.

The French franc continued to improve however, and was fixed at BFr 7.23325, compared with BFr 7.1880 previously.

FRANKFURT — The dollar tended to lose ground on news that the *Bundesbank has increased* liquidity in the banking system, by raising its rediscount quota by DM 3bn. The U.S. currency eased to DM 2.0737½, but moved up again as it became apparent that no cut in the minimum reserve requirement would follow the rediscount move. The dollar was quoted at DM 2.0753 in late trading, compared with a fixing level of DM 2.0786, and DM 2.0714 at the previous fixing. Trading was fairly quiet in the morning, but picked up during the afternoon. The Bundesbank trade-weighted revaluation index of the D-mark against 22 currencies was 145.4 (145.6), up 0.7 per cent from the end of 1977.

TOKYO—The dollar showed little change against the yen in moderate trading, closing at Y 205.47½, compared with Y 205.32½ on Wednesday. After opening at Y 206, the U.S. currency traded at about Y 205.85, before falling to Y 205.35 towards the close.

THE POUND SPOT / FORWARD AGAINST £

June 29	Bank rate %	Day's Spread	Close*	One month	% p.a.	Three months	% p.a.
U.S. $	7	1.8525-1.8670	1.8660-1.8670	0.52-0.42c pm	3.02	1.40-1.30c pm	2.89
Canadian $	8½	2.0845-2.1000	2.0990-2.1000	0.50-0.40c pm	2.57	1.75-1.55c pm	3.24
Guilder	4	4.15¾-4.17¾	4.16-4.17	2¾-1¾c pm	6.48	7½-6½c pm	6.72
Belgian Fr.	5½	60.45-60.95	60.80-60.90	35-25c pm	5.92	95-85c pm	5.52
Danish Kr.	8	10.45-10.55	10.51½-10.52½	2½-4½ ore dis	—3.99	7½-9½ ore dis	—3.14
D-Mark	3	3.84½-3.88½	3.87-3.88	2⅞-1⅞ pf pm	7.35	8¼-7¼ pf pm	8.00
Port. Esc.	18	84.60-85.75	85.15-85.65	85-185c dis	—11.94	125-475c dis	—14.05
Span. Pes.	8	145.30-147.00	146.90-147.00	par-100c dis	—4.08	50-175c dis	—3.06
Lira	11½	1,588-1,597½	1,596-1,597	par-2 lire dis	—0.75	1-4 lire dis	—0.65
Nrwgn. Kr.	7	10.01-10.07½	10.06-10.07	par-2 ore dis	—1.19	1-3 ore dis	—0.79
French Fr.	9½	8.35-8.41	8.36-8.37	1¼-¾c pm	1.08	4¼-3¾c pm	2.03
Swedish Kr.	7	8.48-8.54½	8.53-8.54	1 ore pm-¼ dis	0.70	3¼-1¾ ore pm	1.17
Yen	3½	378-388	382½-384½	2.75-2.50y pm	8.21	8.15-7.85y pm	8.32
Austria Sch.	4½	27.20-28.05	27.90-28.00	17-7 gro pm	5.15	42-32 gro pm	5.30
Swiss Fr.	1	3.44½-3.47½	3.46-3.47	3⅛-2⅛c pm	9.08	9-8c pm	9.81

Belgian rate is for convertible francs. Financial francs 60.35-60.75.

Six-month forward dollar 2.77-2.67c pm. 12-month 5.15-5.05c pm

THE DOLLAR SPOT / FORWARD AGAINST $

June 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canad'n $*	88.86-88.92	88.84-88.87	0.01-0.05c pm	0.13	0.07-0.09c pm	0.35
Guilder	2.2288-2.2377	2.2288-2.2298	0.71-0.65c pm	3.71	2.25-2.15c pm	3.36
Belgian Fr	32.64-32.74	32.65-32.67	8-7c pm	3.02	25-23c pm	3.07
Danish Kr	5.6300-5.6400	5.6380-5.6395	—		—	
D-Mark	2.0745-2.0790	2.0745-2.0755	0.82-0.77pf pm	[illegible]	2.70-2.65pf pm	5.03
Port. Es	—	45.67-45.77	—		—	
Lira	855.60-856.05	855.65-855.85	2.40-2.70 lire dis	—3.66	7.25-8.00 lire dis	—3.48
Nrwgn. Kr	5.3960-5.4035	5.3960-5.3970	—		—	
French Fr	4.5150-4.5325	4.5150-4.5170	0.60-0.70c dis	—1.56	1.30-1.50c dis	—1.12
Swedish Kr	4.5715-4.5830	4.5715-4.5725	—		—	
Yen	205.05-205.80	205.05-205.25	0.95-0.85y pm	[illegible]	2.85-2.70y pm	5.19
Austria Sch	—	14.96-14.9650	—		—	
Swiss Fr	1.8547-1.8650	1.8547-1.8557	1.09-1.04c pm	6.63	3.27-3.22c pm	6.81

* U.S. cents per Canadian $.

CURRENCY RATES

June 29	Special Drawing Rights	European Unit of Account
Sterling	0.667301	0.668150
U.S. dollar	1.23731	1.24845
Canadian dollar	1.39197	1.39662
Austrian schilling	18.5287	18.5642
Belgian franc	40.4972	40.5998
Danish krone	6.98028	6.99851
Deutsche Mark	2.57187	2.57860
Guilder	2.76663	2.77485
French franc	5.60161	5.61663
Lira	1059.08	1061.78
Yen	254.438	255.032
Norwegian krone	6.68272	6.69964
Peseta	97.5458	97.7494
Swedish krona	5.65874	5.62107
Swiss franc	2.30523	2.31114

CURRENCY MOVEMENTS

June 29	Bank of England Index	Morgan Guaranty changes %
Sterling	61.61	—41.3
U.S. dollar	87.32	—7.1
Canadian dollar	84.80	—12.9
Austrian schilling	139.63	+18.4
Belgian franc	110.17	+11.7
Danish krone	114.53	+5.6
Deutsche Mark	140.32	+35.5
Swiss franc	183.87	+75.8
Guilder	120.39	+18.0
French franc	99.43	—3.3
Lira	56.77	—46.3
Yen	144.61	+42.7

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

	£	$		£ Notes Rate
Argentina Peso	1,468-1,472	786.54-788.64	Austria	27½-28.0
Australia Dollar	1.6102-1.6263	0.8701-0.8744	Belgium	60-61¼
Finland Markka	7.9350-7.9550	4.2545-4.2565	Denmark	10.30-10.45
Brazil Cruzeiro	32.82-33.82	17.58-18.12	France	8.35-8.50
Greece Drachma	67.565-69.235	36.20-37.09	Germany	3.80-3.90
Hong Kong Dollar	8.60¾-8.63¾	4.6535-4.6565	Italy	1560-1590
Iran Rial	126-132	67.50-70.72	Japan	380-390
Kuwait Dinar (KD)	0.502-0.512	0.2689-0.2743	Netherland	4.05-4.15
Luxembourg Franc	60.80-60.90	32.60-32.62	Norway	9.85-10.00
Malaysia Dollar	4.38-4.40	2.3650-2.3670	Portugal	80-84
New Zealand Dollar	1.7911-1.8093	0.9560-0.9754	Spain	143-148
Saudi Arabia Riyal	6.33-6.43	3.39-3.44	Switzerland	3.40-3.50
Singapore Dollar	4.29½-4.31½	2.3220-2.3230	United States	1.84-1.86
South African Rand	1.6025-1.6193	0.8586-0.8676	Yugoslavia	34-36

Rate given for Argentina is free rate.

EXCHANGE CROSS-RATES

June 29	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.867	3.875	383.5	8.365	3.465	4.165	1597.	2.100	60.85
U.S. Dollar	0.536	1.	2.076	205.5	4.482	1.856	2.231	855.5	1.125	32.60
Deutsche Mark	0.258	0.482	1.	98.97	2.159	0.894	1.075	412.0	0.542	15.70
Japanese Yen 1,000	2.608	4.867	10.10	1000.	21.81	9.035	10.86	4163.	5.476	158.7
French Franc 10	1.195	2.231	4.632	458.5	10.	4.142	4.979	1909.	2.510	72.74
Swiss Franc	0.289	0.539	1.118	110.7	2.414	1.	1.202	460.8	0.606	17.56
Dutch Guilder	0.240	0.448	0.930	92.08	22.08	0.832	1.	383.3	0.504	14.61
Italian Lira 1,000	0.626	1.169	2.427	240.2	5.240	2.170	2.600	1000.	1.315	38.11
Canadian Dollar	0.476	0.889	1.846	182.7	3.984	1.650	1.984	760.4	1.	28.98
Belgian Franc 100	1.643	3.067	6.368	630.2	13.75	5.694	6.845	2624.	3.450	100.

EURO-CURRENCY INTEREST RATES*

June 29	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	9¾-10¼	7½-8¼	7½-7¾	3½-4	⅝-¾	[illegible]	8⅛-8¾	10-13	—	1⅛-1⅝
7 days' notice	9¾-10¼	7½-8¼	7⅝-7⅞	3½-4	¾-1¾	[illegible]	8⅝-8⅞	10½-11½	6⅞-8⅞	0.2
Month	10⅝-11⅛	7⅝-8	7⅞-8⅛	4-4¼	1⅛-1¼	3⅜-3½	9½-9¾	11-12	7⅞-8	2⅜-2⅝
Three months	11½-11⅞	8⅛-8⅝	8⅜-8⅝	4⅜-4⅝	1½-1⅝	3⅝-3¾	9¾-10	11½-12½	8⅛-8⅜	[illegible]
Six months	12-12⅝	8½-8⅞	9-9¼	6⅛-6⅜	2-2⅛	3½-3⅝	10⅛-10⅝	12½-13	9-9⅛	3⅝-3⅞
One year	12¼-12⅝	8¾-9⅛	[illegible]	5½-5¾	2⅛-2⅜	[illegible]	11⅛-11⅝	13½-14½	9⅛-9⅜	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.05-8.15 per cent; three months 8.30-8.40 per cent; six month 8.70-8.80 per cent; one year 8.95-9.05.

Long-term Eurodollar deposits: two years 9⅛-9¼ per cent; three years 9⁵⁄₁₆-9⁷⁄₁₆ per cent; four years 9⁹⁄₁₆-9¹¹⁄₁₆ per cent; five years 9¹¹⁄₁₆-9¹³⁄₁₆ per cent. * Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

French banks cut base rate

Societe Generale is to cut its base lending rate by 0.25 per cent to 9.05 per cent from July 1, and other major banks quickly followed suit. Only last week M. Rene Monory, Economic Minister, repeated an earlier prediction that French banks would soon reduce their lending rates, and so yesterday's move had been widely anticipated. In recent months, money market rates have been steadily declining. Day to day money now costs in the region of 7⅞ per cent compared with 10½ per cent in early March. Some sources suggested however, that the cut in rates would be insufficient to radically alter investment levels and that the Banks' decision was partly attributable to the recent firmer trend in the French franc.

Longer term rates were quoted at 7⅞ per cent for one-month and 8⅛ per cent for three-month, both of which were unchanged. However, the six-month rose slightly to 8⁷⁄₁₆ per cent from 8⅜ per cent while the one-year rate firmed to 9⅛ per cent against 9⅛ per cent previously.

FRANKFURT — The Bundesbank announced yesterday an increase of DM 3bn in the rediscount quota. This is the amount of funds that banks can obtain from the Bundesbank at the discount rate for trade bills. The move is seen as an attempt to increase liquidity in order to meet the requirement for central bank money to be met and is effective from July 1.

Interbank money market rates were firmer throughout with one-month funds at 3.6 per cent from 3.55 per cent and three-month at 3.7 per cent from 3.65 per cent. Rates for one-year also rose to 3.8 per cent from 3.75 per cent. However, call money was unchanged at 3.55 per cent.

NEW YORK—Once again the U.S. Federal Reserve intervened in the New York market yesterday to make overnight repurchasing orders. Federal funds were *quoted at 8 per cent from 7⅞* per cent which seems to lend even more weight to the possibility of banks moving their prime lending rates to 9 per cent.

Treasury bill rates tended to ease slightly with 13-week bills falling to 6.88 per cent from 6.96 per cent early on Wednesday while 26-week bills slipped to 7.36 per cent from 7.50 per cent. One-year bills were quoted at 9.60 per cent from 7.72 per cent.

HONG KONG—Money market conditions were a little easier with call money at 4⅞ per cent compared with 5 per cent and overnight funds dealt at 4⅞ per cent, down from 4⅞ per cent.

UK MONEY MARKET

Adequate credit supply

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

The surplus of credit in yesterday's money market was larger than that on Wednesday, the principal difference being that sufficient funds percolated *through the system so that the* authorities were not required to intervene. The market was helped by a slight number of Treasury bills maturing outside official bands and a very slight excess of Government disbursements of revenue transfers to the Exchequer. This was in addition to a sizeable decrease in the note circulation and above target balances brought forward by the banks. On the other hand there was further payment to be made on the Treasury long "tap" stock and the repayment of *Wednesday's small market* advances.

Discount houses were paying anything up to 9½ per cent for secured call loans and conditions remained tight towards the close, where balances were taken at 8½-9 per cent.

In the interbank market, overnight loans opened at 9½-9¾ per cent and eased to 9-9½ per cent on news of the surplus. However, rates soon firmed again to 9½-9¾ per cent before easing to 8½-8¾ per cent. At the close rates were somewhat higher at 9½-9¾ per cent. *Thursday's announcement by the* Bank of England left Minimum Lending Rate unchanged at 10 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

June 29 1978	Sterling Certificate of deposits	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	8½-9¾	—	—	—	9½-9¾	8½-9½	—	—	—
2 days notice	—	—	9¾-9⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9⅞	—	—	—	—
7 days notice	—	9½-9⅞	9⅞-10	—	10	—	8¾-9¾	—	—	—
One month	9⅞-9⅝	9⅞-10⅛	9⅞-10	10⅜-10	10¼	10⅛	9½-9⅝	[illegible]	9¾	10⅛
Two month	[illegible]	[illegible]	—	10.9¼	[illegible]	—	9½	9¼	9½	10⅛
Three month	[illegible]	10-10⅛	[illegible]	10-9⅝	[illegible]	10½	9⅜-9½	[illegible]	[illegible]	10⅜
Six month	[illegible]	[illegible]	10-10⅛	10-6⅞	10½	—	—	—	[illegible]	[illegible]
Nine month	10⅜-10¼	[illegible]	—	10¼-9⅞	[illegible]	—	—	—	—	—
One year	[illegible]	10⅜-10½	10⅜	10⅜-10	10⅝	—	—	—	—	—
Two year	—	—	10⅞-11	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Longer-term local authority mortgage rate nominally three years 11⅛-11¼ per cent; four years 12 per cent; five years 12⅛-12¼ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11⅟₁₆ per cent; four-month trade bills 10⅛ per cent.

Approximate selling rates for one-month Treasury bills 9⅟₁₆-9⅟₃₂ per cent; two-month 9⅛ per cent; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills 9⅛ per cent; and two-month [illegible] per cent; and three-month [illegible]-9⅛ per cent. One-month trade bills 10⅛ per cent; two-month 10⅛ per cent; and also three months 10⅛ per cent.

Finance House Base Rates (published by the Finance Houses Association) 8⅛ per cent from June 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 6⅞-7 per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 9.2546 per cent.

GOLD

Weaker tendency

Gold fell $1 to $184-184½ in fairly quiet trading. The metal opened at $184½-185½, and was fixed at $184.60 (£99.552) in the morning and at $184.30 (£99.225) in the afternoon.

In Paris the 12½ kilo bar was fixed at FFr 27,175 per kilo ($186.64 per ounce) in the morning and at FFr 27,050 per kilo ($185.84) in the afternoon, compared with FFr 27,200 ($186.82) on Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 12,345 per kilo ($184.74 per ounce), compared with DM 12,355 ($185.44) previously.

	June 29	June 28
Gold Bullion (a fine ounce)		
Close	$184-184½	$185-185½
Opening	$184½-185½	$185-185½
Morning fixing	$184.60 (£99.552)	$185.25 (£99.357)
Afternoon fixing	$184.30 (£99.225)	$185.35 (£99.319)
Gold Coins domestically		
Krugerrand	$191½-193½ (£102½-103½)	$195-197 (£105½-106½)
New Sovereigns	$54½-56½ (£29½-30½)	$54½-56½ (£29½-30½)
Old Sovereigns	$54½-56½ (£29½-30½)	$54½-56½ (£29½-30½)
Gold Coins internationally		
Krugerrand	$189½-191½ (£101½-102½)	$190½-192½ (£102½-103½)
New Sovereigns	$53½-55½ (£28½-29½)	$53-55 (£28½-29½)
Old Sovereigns	$53½-55½ (£28½-29½)	$54½-56½ (£29½-30½)
$20 Eagles	$277½-280½	$277½-281½
$10 Eagles	$140-145	$142½-145½
$5 Eagles	$98-103	$100-105

MONEY RATES

NEW YORK

Prime Rate	8.75
Fed Funds	8
Treasury Bills (13-week)	6.88
Treasury Bills (26-week)	7.36

GERMANY

Discount Rate	3
Overnight	3.55
One month	3.6
Three months	3.7
Six months	3.8

FRANCE

Discount Rate	9.5
Overnight	7.75
One month	7.8125
Three months	8.125
Six months	8.4375

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.50
Bills Discount Rate	4.875

APPOINTMENTS

Board post at BP Oil

Mr. J. W. Bushby has been appointed to the Board of BP OIL as director, manufacturing and supply from tomorrow. He was previously vice-president, technical and corporate planning of BP Alaska Inc., based in the U.S. Mr. Bushby joined British Petroleum in 1953 and spent a number of years at Kent refinery. In 1959 he went to Canada for the commissioning of BP's Montreal refinery. He then held appointments in head office and at Llandarcy refinery before moving to Alaska.

★

Mr. A. C. Brown, chairman and managing director of Spirax-Sarco Engineering, has been appointed to the Board of TURRIFF CORPORATION as a non-executive director. He will become deputy chairman on the impending retirement of Mr. R. G. Lewis.

★

Mr. P. L. Bramwyche, senior co-ordinator, overseas, in BP CHEMICALS associated companies and licensing directorate, is retiring at the end of August. Associated companies co-ordination responsibilities outside Europe will be amalgamated with the UK under Mr. F. W. Wheatley, senior co-ordinator UK and overseas.

★

Mr. Peter Reynolds has been appointed to the main Board of TOZER KEMSLEY AND MILLBOURN (HOLDINGS). He also becomes executive chairman of its international trade finance division. For the last two years Mr. Reynolds has been chairman of TKM (USA) Inc., responsible for the division's operations in North America.

★

Mr. J. C. Lewis, the former representative of Pahang Consolidated on the Board of PLANTATION HOLDINGS has now resigned from Plantation, following Pahang's sale of its 25 per cent stake some time ago. Mr. R. P. L. McMurtrie, managing director of Plantation's light engineering division joins the Board from tomorrow.

★

Mr. G. J. Crampton has resigned from the Board of YOUGHAL CARPETS (HOLDINGS).

★

BANKERS TRUST INTERNATIONAL has made three appointments: Mr. Dixon Morgan as head of a newly formed investment advisory department; Mr. James Curren, company accountant and Mr. Godfrey Dutton, company secretary.

★

Mr. James C. Corcoran has been appointed a director of GENERAL ACCIDENT FIRE AND LIFE ASSURANCE CORPORATION. He has been general attorney and chief executive officer of General Accident's American organisation since January, 1976.

★

Mr. Robin Phillips has joined BUNZL ADHESIVE MATERIALS as a director and general manager of its Scarborough plant.

★

Mr. R. H. Jenkins has been appointed works director of FLOTEX, a subsidiary of the Low and Bonar Group.

★

Mr. Lucien S. Wigdor has been appointed a non-executive director of the WEIR GROUP and chairman of its subsidiary Weir Pumps. As chairman of that subsidiary he takes over from Mr. J. J. B. Young, who will devote more time to his executive position as group managing director.

Mr. Wigdor held posts in British European Airways and the Vertol Corporation of the U.S. before becoming managing director of Tunnel Refineries in 1955 and vice-chairman in 1969. He was a corporate consultant to the Boeing Company from 1960 to 1972 and deputy director general of the Confederation of British Industry from 1972 to 1976. After leaving the CBI Mr. Wigdor became a director of the Rothschild Investment Trust. He is also deputy chairman of Leslie and Godwin (Holdings).

★

Mr. Douglas R. Leslie is to become estate surveyor and manager Scottish region, of BRITISH RAIL PROPERTY BOARD from July 3. Also from that date Mr. Alan R. Fraser will be estate surveyor (management) and Mr. Peter J. Dennis, estate surveyor (development and sales). Mr. A. R. Dickson Roberts retires today as estate surveyor and manager of that region.

★

Mr. George Plucknett, executive chairman of the NATIONAL HOME IMPROVEMENT COUNCIL, is reducing his personal involvement in the running of the NHIC from today. He will continue as chairman in a part-time executive capacity. Mr. Ernest Cantle, deputy director, will be concerned with all day-to-day operations.

★

Mr. Roger H. Lawson has been appointed assistant manager in the London area office of the INDUSTRIAL AND COMMERCIAL FINANCE CORPORATION where he will be responsible for corporate banking.

★

Mr. Doug Peirce, marketing manager of Lyons Tetley, has been appointed sales and marketing director of TELFERS, a member of the J. Lyons Group. Mr. John Nowell, a director of Telfers and of Lyons Meat Products, has taken over responsibility for the expansion of Lyons Meat Products into overseas markets.

★

Mr. L. A. Hudson, Mr. A. G. Lee, Mr. C. G Mabey and Mr. C. W. Spreckley have been appointed directors of A. L. STURGE (MANAGEMENT) from tomorrow.

★

Mr. G. K. Hazell, actuary of the NATIONAL MUTUAL LIFE ASSURANCE SOCIETY, has been appointed to the Board from tomorrow.

★

Mr. Terry Hands has joined Mr. Trevor Nunn as joint artistic director of the ROYAL SHAKESPEARE COMPANY. Mr. Nunn retains the responsibility of chief executive and Mr. Hands becomes deputy chief executive.

★

Mr. J. C. S. Lepine has retired as chairman of the REINSURANCE OFFICES ASSOCIATION and has been succeeded by Mr. H. M. Patrick of Mercantile and General Reinsurance. Mr. A. L. Preston, of Victory Insurance, has been appointed deputy chairman of the Association.

★

Mr. J. W. Klitsie has been elected vice-president of the UNITED BRANDS company and senior officer for Europe.

★

Mr. L. W. Baker and Mr. A. Watson have been appointed directors of Touche Remnant and Co. and its parent company TOUCHE REMNANT HOLDINGS from tomorrow.

★

Mr. Bert Ferrimond has been appointed a director of PORTSMOUTH AND SUNDERLAND NEWSPAPERS. He was formerly with Dunlop Holdings and Upper Clyde Shipbuilders.

★

The Ssecretary for the Environment has appointed Lord Allen of Fallowfield as a member of CENTRAL LANCASHIRE DEVELOPMENT CORPORATION to succeed Lord Greenwood of Rossendale from tomorrow. Lord Allen is general secretary of the Union of Shop Distributive and Allied Workers.

★

Air Chief Marshall Sir Neville Stack is to take up the appointment of director general of the ASBESTOS INTERNATIONAL ASSOCIATION from tomorrow on the retirement of Mr. Alex A. Cross.

★

Mr. Geoffrey J. Chibbett, group finance director of DOBSON PARK INDUSTRIES, has become a divisional chairman. Mr. Graham H. Edwards has been appointed group finance director (designate). Mr. Edwards joins Dobson Park from Linread where he was deputy group managing director with special responsibility for finance.

★

Mr. Kenneth Thomas has been appointed deputy director, construction and engineering, of the TIMBER RESEARCH AND DEVELOPMENT ASSOCIATION.

★

Mr. A. Clive Williams has been appointed managing director of BRIAN WOODHEAD AND CO. from tomorrow and continues as executive chairman of the company.

★

Mr. George Helsby has been made chief executive of the commercial division of BURNETT AND HALLAMSHIRE HOLDINGS, having been appointed to the Boards of Hallamoil, King Fuels, Hallam Commercials and Hallam Polymers and Engineering. Mr. S. Ross W. Williams, a director of Hallam Polymers and Engineering, has become a director of each of the other three companies in the division. Mr. Trevor Lowe has been appointed managing director of Hallamshire Industrial Estates, part of the construction division of Burnett and Hallamshire Holdings. Mr. George Helsby has resigned as managing director.

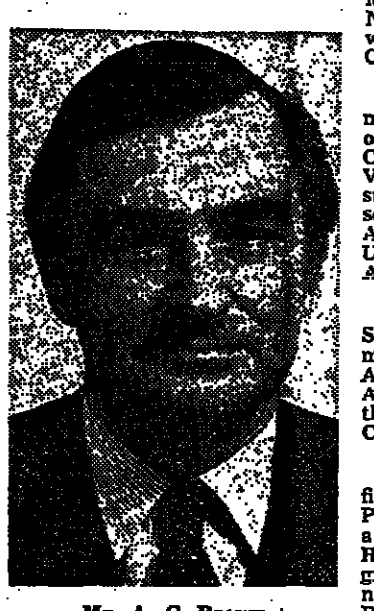
★

Mr. B. I. Pitman, a joint general manager of LLOYDS BANK, until recently seconded as an executive director of Lloyds Bank International, has been appointed assistant group chief executive. He takes up his new post at the group headquarters of the bank on October 1.

★

Iraq Petroleum Company, Abu Dhabi Petroleum Company and associated companies announce the appointment on August 1 of Mr. Geoffrey Stockwell, the present managing director, as chairman of the companies in the group. Mr. Ian Macpherson will succeed Mr. Stockwell as managing director on the same date. Mr. Stockwell became managing director in 1970 having been on the Boards since 1959 as representative director for BP. Mr. Macpherson at present holds the appointment of executive director of the companies.

Mr. J. W. Bushby



Mr. A. C. Brown

A new opportunity for private enterprise in car telephones

BY STUART ALEXANDER

NEW INTEREST in car telephones has emerged via a reworking of the David and Goliath parable: the traditional battle between small private business and a state monopoly.

Car telephones have been around for some time—about 19 years in the UK—but the high cost of good quality equipment plus limitations on the area of use has meant that even now there are only 5,350 subscribers and the Post Office predicts no more than 6,000 by 1980.

But more cars might be linked into the national and international telephone system if the announcement that the Post Office is prepared to give up its monopoly of hooking up phones in cars to the system is as momentous as some people in car communications say it is.

For alongside the official telephone system a number of private companies have sprung up offering a message and paging service, but they are not allowed at present to connect their customers into the telephone service. Instead of simply putting their customers through to the number required, as the Post Office Radiophone service can, they have to take a message from the man in the car, make the call themselves, and then radio a reply back to the car.

(Most of these private operators have so far worked on a local basis, but recently seven of them grouped together to form Network Communications Services as a means of widening their scope.)

The independents, under the banner of the National Association of Radio Communications Services, have battled with the Post Office for two years in an attempt to end its monopoly and to offer a service they badly need as a selling point.

At the end of the day the Post Office will gain in terms of increased telephone traffic, while it should be able to retain the bulk of its own existing customers. And by opening the doors to the private operators the Post Office will be able instantly to extend the area it covers without the costly invesment required in transmitter stations. The Post Office needs an expanded network of transmitting stations to cover more of the country; it only has 22 at the moment and their range is limited to about 20 miles each.

The private operators say that development of the market has been slow because the Post Office service and approved equipment is too expensive compared with the limited area in which it can function.

It has also meant, they say, that a telephone in a car has been seen more as a status symbol than a working business tool and they expect to pick up a lot of the new business which a telephone link will generate from ordinary people constantly on the road in vans and cars.

Certainly the equipment approved by the Post Office is more sophisticated and more expensive than that required by the private services. Only two manufacturers are approved by the Post Office, Pye and Storno. The Storno equipment comes in two versions and can be either bought outright or rented. The nine-channel model costs £900 or can be rented at £90 a quarter and the 55-channel £1,180 or £130 a quarter. In addition there is a telephone subscriber charge of £10 a quarter while the operator linked calls are charged at a minimum of three minutes plus a 6p a minute surcharge. Installation charges, including the antenna, would be anything from £60 in a Morris Marina to £200 in a Rolls Royce with a mini switchboard and two or three handsets.

Air Call quotes only rental charges for the three types of service it now offers. These are £18 a month for a personal telephone answering service and £18 a month for a paging service under which the car is both bleeped and called by voice. For £37 a month Air Call will take messages or instructions from the car customer, pass these on through the ordinary telephone system and radio back any reply. All local calls are free up to 120 a month after which they are charged at 10p a time. Trunk calls are charged at the STD rate applicable when the call is made but with no minimum time charge. Cost of installation is between £20 and £50, says Air Call, while an antenna will cost between £2.50 and £18 and must be bought.

The private services feel that their ability to mix their message and paging system with the direct link phone calls will give them the edge over the Post Office if and when they are allowed to offer the telephone link in about six months.

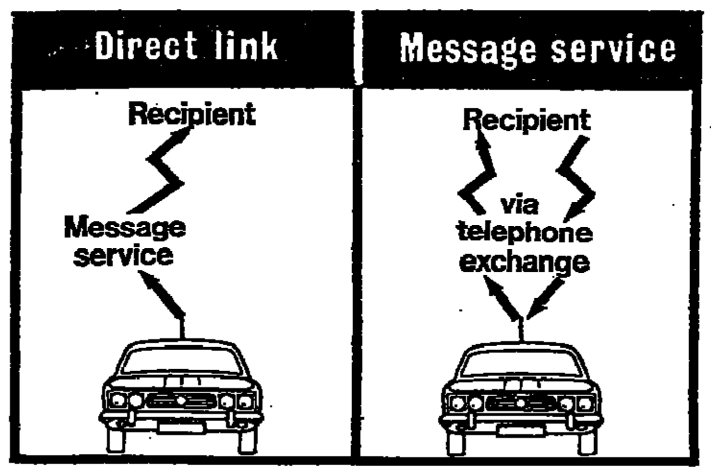
There is, however, a less well-publicised angle to the sales pitch the private companies will be able to make when they ha[...] the link to the Post Office. [...] concerns, you may have guesse[...] the tax man. For a telephone i[...] a car turns a means of tran[...] port into a place of busine[...] and that means there is a bett[...] chance of charging it again[...] tax.

While the private servi[...] operators stress the slowness [...] the British to copy th[...] Americans in the field of co[...] stant communications they al[...] know that a tax benefit is [...] good sales weapon and it is on[...] they will not be slow to use.

And looking ahead they a[...] also keen to see the introdu[...] tion of citizens' band rad[...] which is so widespread in th[...] U.S., Germany and Franc[...] While this offers a cheap for[...] of car-to-car and car-to-base com[...] munication it is seen as littl[...] threat to the car telephon[...] service because the range [...] operation is usually limited t[...] five miles. But it does wh[...] people's appetites and is see[...] as a means of leading them int[...] bigger and better systems.

The Post Office now seem[...] content to draw up licensin[...] procedures—at the moment th[...] private companies include th[...] transmitting licence fee in thei[...] rental charges—and it ha[...] received assurances from th[...] private operators that they wil[...] state clearly that theirs is no[...] an official post office system an[...] will offer to customers both [...] message and an interconnec[...] service.

What seems strange is tha[...] travelling up the motorway [...] man in a car can call the Unite[...] States on a telephone but th[...] man on the railway, along whic[...] the telephone lies run, canno[...] In some Continental countrie[...] he could.



COST		COST	
Rent	£43 per month	Rent	£37 per month
Installation	£60-£200	Installation	£20-£60
Call Cost Minimum 3 minutes at operator rate plus 6p per minute surcharge		Call Cost Local calls free Trunk STD rate	

FINANCIAL TIMES REPORT

Friday June 30 1978

Glenrothes

The new town of Glenrothes, which is celebrating its 30th anniversary, has brushed aside the failure of the local coal mines. It has developed into a thriving community, new industry has moved in and the original population target has been easily exceeded.

A new town that works

By Ray Perman

Scottish Correspondent

GLENROTHES IS a new town that seems to have very little reason to exist. The industry it was founded to serve has gone, there is no overspill population from nearby conurbations for it to absorb and it is hardly strategically placed, being a little off the beaten track. *Yet the town is thriving* and this year, as it celebrates *its 30th anniversary, it can look* back on an unbroken record of growth and forward with reasonable confidence to more of the same.

The town is situated in rural Fife, midway between Loch Leven and the sea and about 40 miles from either Edinburgh, across the Firth of Forth to the south, or Dundee, across the Firth of Tay to the north. It is in the heart of what once was the Fife coalfield, and that was the key to its beginning.

Glenrothes was started as part of an attempt to exploit the rich coal seams of Fife to counterbalance the decline of the traditional Scottish mining areas, like Lanarkshire. The new town was to provide the miners with high quality homes in pleasant countryside and they were to work nearby in the modern Rothes pit. The colliery towers that once housed the winding gear still stand, but they are now used by the fire brigade to hang up hoses, because the pit was found to be too wet and was *abandoned in 1961.*

Since then the town has had *to survive on little more than* its attractions—both natural and created—as a congenial place to live and work and the wide range of financial incentives new towns are able to offer incoming industry. There was a further setback when a project to open a major food processing plant collapsed, but the town has kept going and there have been only a few years since 1948 when the annual increase in population has been less than 1,000.

At the age of 30, the town is still young rather than mature. *It is still building and its officials exhibit the enthusiasm of* creating *something new, and* not yet the world-weariness *of unchanging administration.* There are, of course, some frictions between the Development Corporation and local councillors who resent the freedom of action that the Corporation has, but in general the town has become an accepted part of the local community working well with local government and bringing acknowledged benefits to the region.

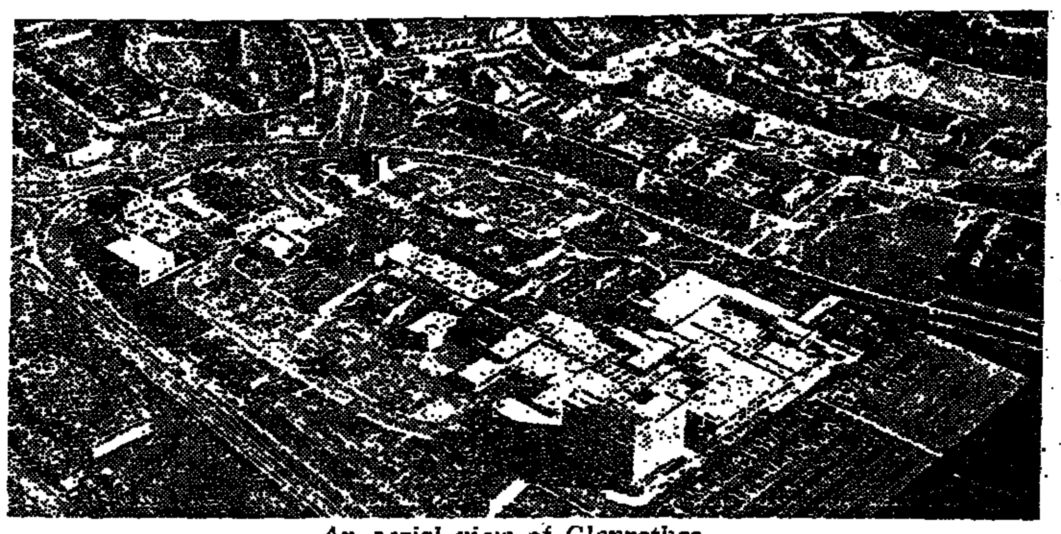
The original target of a population of 32,500 was exceeded two years ago and Glenrothes is well on the way to meeting its new target of 55,000. The *population* is younger and more fertile than the national average, so there is also a good chance that the town will grow by natural increase to its expected maximum size of 70,000.

Those early lessons have been well learnt by the Development Corporation, which now stresses diversity in the town's industrial mix rather than reliance on a few large employers. The town is, however, dominated by manufacturing industry, instead of having a larger proportion of service jobs, *which is probably a re*flection of its ability to offer *ready-made and custom-built* factories and a range of inducements such *as regional develop*ment grants, industrial rate reductions and low interest loans, which are aimed principally at manufacturers.

But this ratio of 60:40 manu*facturing to service employment* could be evened up over time. One *advance has been the de*cision of the Regional Council to make Glenrothes its headquarters, with the opening of an office block and a computer centre, and there will be more shop employment as the town grows. Several major stores have said they will consider moving into the shopping centre when Glenrothes reaches a population of 50,000 and, when the neighbouring older communities *of* Leslie and Markinch are taken into account, that time cannot be fare away.

Because it has not been tied to an overspill scheme, the town has had to place equal emphasis on the attraction of jobs as well as the provision of houses. The primary consideration was not the rehousing of families from overcrowded or substandard areas and, as Mr. Martin Cracknell, the Chief Executive of the Development *Corporation, observes, it makes* little sense to move people from *one area to another if they are* still going to be unemployed at the end of the exercise.

The creation of jobs has been *seen as vital to the town's role* and it has helped to shield Glenrothes (and the other Scottish new towns) from the change in Government thinking which led to the cancellation of Stonehouse New Town and the transfer of resources to the rehabilitation of Glasgow's East End. In confirming the growth targets of the Scottish new towns, ministers have made it clear they regard them as essential instruments of economic development as well as vehicles for improving the housing stock.



An aerial view of Glenrothes.

The road has not been always easy. The late 1960s was a good period when the increase in both jobs and population was high, but the recent slump in investment has made things *harder.* 1975-76 saw a net loss of nearly 800 jobs in the town, but the following year saw a turnaround with a net gain of *222 and the report for 1977-78,* when it is published within the *next few months, will indicate* a net gain of between 800-900.

Mr. Cracknell *is optimistic:* "There is absolutely no doubt that *competition from other* areas for inward investment has hotted up considerably within the last year or so, but we are mildly confident because our record shows that we have grown substantially in recent years.

"In the last financial year, for example, we put on 1,000 new jobs in the town and from the building that is going on at the moment — both new factories and extensions to existing ones — we are confident *that we will* put on another 1,000 this year. We only need *some easing of the world recession* for us to make a quite *rapid advance here in Glenrothes.* Our industrialists are moderately optimistic and are adding to their factories at a rate unprecedented in the history of the town."

The town itself occupies an area of nine square miles *between the older settlements of* Leslie and Markinch, and development radiates from the shopping and administrative centre. Industry is grouped into five industrial estates, one close to the centre and the others near the town's edge. Housing is in precincts of 1,000 homes grouped around a primary school and a shop. Ten such precincts are presently completed and two more are under construction.

Neighbourhood shopping centres provide smaller shops and services such as libraries, for groups of precincts and there is a network of fast access roads linking the precincts and the industrial estates.

The size of the designated area allows for low density housing, which means there is only one high-rise block in the town (and a waiting list to fill it), that houses can have large gardens by Scottish standards and that there are several quite substantial open spaces. These give Glenrothes a great feeling of airiness and roominess which *is attractive to Scots from other* areas. Only 9.5 per cent of the *present population moved to the* town from south of the border *and a further 1.5 per cent from* abroad.

Commuting

Some 60 per cent of the working population has jobs within the town itself and most of the others work within a few miles. In addition there is a lot of commuting in the other direction: more than 5,000 people travel into the town to work from the surrounding towns and villages.

Despite a fairly forceful marketing campaign by the Development Corporation which, among other things, describes Glenrothes as a gateway to the North Sea oil fields, most industry is of the small scale, light variety such as electronic and electrical assembly, light engineering and light manufacture. There is, of course, some heavy industry and paper-making, which pre-dates the new town, and is still a major employer.

To some extent, geography has also shaped the industrial mix of the town. Because of the way in which it began, Glenrothes is not the best placed new town as far as communications are concerned. It is in a central position in the Fife region, and it *is* near the M9, a major route to the north, and to the *main Edin*burgh-Dundee-Aberdeen railway *line, but it is not on them.* The connecting roads are being upgraded, but they are still more suitable for light than for heavy traffic.

But the tendency towards light *industry has meant that there is* a high proportion of jobs for *women, helping to compensate* for the present shortage of office and *shop employment.* It has also meant that the size of *most companies within the town* is fairly small, meaning that closures, when they *do* occur, have a limited effect. The 18 companies which either ceased trading or left the town *in* 1976-1977, for example, employed between them only 79 people.

This is one of the reasons that Glenrothes has managed not *only to maintain a much lower* unemployment rate than its neighbouring *older towns, but* has also been less liable to wide *fluctuations in unemploy*ment. The smaller size of firm could also be a factor in the good industrial relations in the town.

Industrial expansion

GLENROTHES IS one of the first generation of new towns in Scotland, but its rate of growth over its 30-year existence has been relatively gradual and this perhaps explains the result of a recent survey among industrialists which put Glenrothes in the top place among UK new towns.

The survey, conducted by an independent London firm polled 649 companies in 17 of the 28 UK new towns and Glenrothes gained the highest score for providing a good business environment and best fulfilling the expectation of industrialists settling there. A total of 60 of Glenrothes' 150 companies answered the questionnaire and 75 per cent of these said the town measured up to expectations fully while nationally only 50 per cent were fully satisfied.

In further questions 92 per cent replied that they would make the same decision on location against 75 per cent nationally and 94 per cent would recommend Glenrothes to incoming businessmen.

One very good reason for industrialists' high opinion of the Fife town is the almost uncanny strike-free record in Glenrothes. Industrial relations in new towns are generally better than older metropolitan areas, but Glenrothes' officials are convinced that their record is second to none in Western Europe.

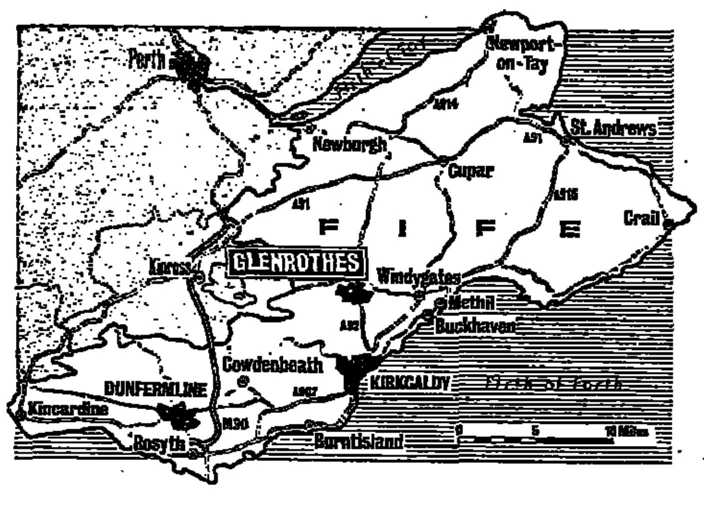
With 150 new companies providing around 7,500 jobs and two successful paper-making firms which were sited in Glenrothes before designation employing a further 2,000, Glenrothes has a relatively high employment base for its population of 34,000, even by new town standards, but this kind of success has not been easy.

Glenrothes is perhaps unique in that its *raison d'etre* virtually disappeared overnight in 1961 when the big new Rothes Colliery had to be abandoned by the National Coal Board because of insurmountable flooding problems. The new town had been virtually planned around the pit, one of the biggest sunk by the NCB in its first years of nationalisation.

Glenrothes had to fight for survival, for new industry and even for population because the town had no natural pool of population as the new towns in the West of Scotland had. Its industrial success during the 1960s was spectacular, particularly in gaining electronics firms, most notably Beckman Instruments, Burroughs, General Instrument Microelectronics and Hughes Micro-Electronics.

The Fife town became the centre of the embryo Scottish electronics industry and even today 19 per cent of the work-force is employed in the industry despite the cutbacks in the early 1970s. Unlike most other new towns, Glenrothes has never had the advantage of one really large incoming industry to build its industrial base on, but in the last few years, the diversity of its smaller companies and their propensity for high growth has provided a bonus of steady expansion which cushioned Glenrothes to some extent through the recession.

While the mining industry venture proved a disaster, Glenrothes other indigenous industry — paper making — has maintained steady employment. Fife Paper Mills have been in existence in Glenrothes since the beginning of the Industrial Revolution while Tullis Russell are relative newcomers established in 1809. Tullis Russell is still an independent Scottish company and is one of the most successful paper making companies in the UK, specialising in very high quality papers including some products which are unique to the company.



Over the 30 years of Glenrothes' existence Tullis Russell have maintained a labour force of about 1,500 but have more than doubled output through a high investment policy which has totalled well over £50m at present day prices including a new £13m paper making machine which is due for commissioning in September. The policy has paid off because the company are running virtually flat out with a range of papers which include cheque paper, double sided art paper and insulating paper.

The new plant being installed will ease the situation and allow the company to make further inroads into the export market where their prime target is Europe. Exports have almost doubled in two years and the new machinery will give the capacity to attack the French, Swiss and Benelux markets. They have already made dramatic inroads into the German market.

Managing director, Mr. Ronald Wylie, says: "We decided as a matter of principle that we had to be in Europe. It has taken a lot of time and a lot of money—we were the only UK exhibitor at the international paper exhibition in Germany last year for instance—but the effort is beginning to pay off."

While the electronics industry no longer dominates the industrial base of Glenrothes, it is still the largest employer with around 3,500 workers and after the setback in the early 1970s which hit the industry worldwide, there are renewed signs of growth. Most of the electronics firms are American owned, but in almost every case, there is a high degree of autonomy and most of the firms are self supporting technologically, with their own research and development facilities.

General Instruments Microelectronics was one of the last electronics firms to establish in Glenrothes and was one of the few to weather the recession and to expand culminating in a Queens Award for Industry this year for export achievement. The Glenrothes factory is Europe's largest and most advanced MOS-LSI microcircuit facility and virtually all the technology has been developed in house at Glenrothes.

Little known outside the industry, the company can fairly claim to be the originator of the TV game and its circuits are the heart of a wide range of consumer products from calculators, clocks, appliance timers, and entertainment systems. They are also used in telecommunications circuits, logic systems and microcomputers.

Situated on the East Coast, Glenrothes has been in a good position to take advantage of the North Sea oil industry and since the oil boom began has concentrated on attracting the small specialist firms which fit in well to the high technology strategy of the new town's industrial policy.

Difficult

During the last three years with very little mobile industry available, it has been difficult to attract any kind of industry let alone high technology, but there have been some successes in attracting speciality services with a technology content.

With a diversity of small to medium companies, Glenrothes has always had a strong commitment to giving the maximum help to the small business. It has established a craft workshop centre at Balbirnie in the former stables of the mansion house for a number of craftsmen and in another ambitious scheme developed a complex of factories to encourage new firms to start up at Edison House.

Mr. John McCombie, commercial director of Glenrothes Development Corporation says: "We provided eight factories at Edison House and they are all let, but I cannot claim it is an unqualified success. We have one possible expansion from it, but basically the trouble is the lack of risk capital.

"There is no shortage of people with ideas, but the problems of finding the money for new ventures is still daunting although now that the Scottish Development Agency is well established this could well improve. We are considering an extension at Edison House at the moment and we still believe that there is potential in giving help to get new small businesses going.

"Our general strategy remains the same. Providing good new jobs. The recession has allowed us perhaps to really take a good look at what kind of industry we want and we have come to the conclusion that there is room for more distributive and service industry, the more specialised the better. In the past we might have tended to ignore this sector of the market, but this type of industry is becoming more essential to service manufacturing industry effectively."

Industrial inquiries have shown a significant increase this year and growth, particularly from existing companies is beginning to accelerate to the extent that the new town in June had only 10,000 sq ft of advance factory space available. With a big building programme underway, this situation will be overcome over the summer, but there is little doubt in the Corporation's mind that the economy is beginning to climb out of recession.

John Drummond

Adapting to change

IN THE Fife village of Thornton on the edge of Glenrothes, Sir George Sharp still lives in the same street where he was brought up as a young lad who was to develop a profound concern about the social deprivation he saw around him.

The local poor house was only a few hundred yards away. "It reflected everything that was worst about society," he recalls. "There were the Dickensian overtones, the high grey building, the eight-feet walls, one saw the hearse going down the road, the inmates padding about the grounds. . ."

Sir George has witnessed what he calls a "bloodless revolution" since those days of high unemployment and extreme poverty in Fife county. At 59 he is now chairman of a new town that has sprung up and prospered virtually on his doorstep.

The decision to accept the post of chairman offered by the Secretary of State for Scotland was one of the most difficult Sir George has ever had to make about his own political future. It had to mean the end of a dedicated and distinguished career in local government which began as a young councillor 33 years ago. But the former railway engine driver who was knighted in 1976 was ready to accept a new challenge.

"Sir George was one of the leaders of the successful campaign by Fife against the proposals of the Wheatley Commission who wanted to divide the county into two, splitting its administration between Edinburgh and Dundee. His interests, however, have extended beyond the boundaries of Fife because of his service in COSLA and on UK local government bodies like the Layfield Committee on local government finance.

When Sir George became a member of the county council in 1945 Fife was very dependent on coal. "The stuff just spewed out of the ground," he remarks. "This in turn generated busy railway traffic."

But by the 1960's there had been a catastrophic collapse of coal mining. He blames the fallacy of cheap Arab oil as a major contributory factor. Sir George points to the minutes of a meeting held in 1954 when the Government and the Coal Board were forecasting that by the year 2000 there would still be 3,000 miners in West Central Fife. "Yet there is not now one coal pit in the whole of Central Fife," he points out.

Uncertainty over the future of coal mining was also significant to the future development of the new town. Much was to depend on the prosperity of a new mine—the Rothes Pit—which was to be a major factor in the economy of Glenrothes. It was to be the "very pivot of coal production in Scotland," Sir George recalls. As pits closed down in Larnarkshire, miners were to be transferred to Fife. But problems were encountered after the pit was sunk and it was never to prosper.

Regrettable

"Month after month a big question mark hung over the Rothes Pit and this posed an even bigger question mark over the new town," says Sir George. "While it is a regrettable comment to make, it was only when a decision was finally taken to close the pit that at least some measure of certainty emerged about Glenrothes."

The new chairman views the *Rothes Pit crisis as among the* moments of despair which faced the planners of Glenrothes. Another was when a Government Minister asked the County Council to undertake responsibility for the development of the new town and the Council replied that there was no way in which they would be prepared to do this. "It seemed to us at that time that if this option had been accepted it was going to be a very short step to the Government drawing two red lines below the new town and finishing the whole conception.

As a county councillor, Sir George closely watched the progress of the new town since its very beginning. He was present at a meeting in Kirkcaldy in 1947 when Joe Westwood, Secretary of State for Scotland, announced the Government's proposal to create a new town which was to be "smokeless." The first offices of the new town were in a house owned by a local paper mill. He considers the development of the new town since those days as a remarkable achievement, resulting in recognition of Glenrothes as one of the main electronics centres of Western Europe.

Sir George believes that the new town could have developed faster with better communications. He criticises successive governments for their failure to provide a much-needed first-class regional road linking with the approaches to the Forth Road Bridge. "It is the only new town that does not have this direct access and I would like to think that things will move faster in the years ahead," he says.

Michael Davidson

New housing

GLENROTHES WAS intended to be a very special kind of new town—a twentieth-century version of the colliery towns which sprang up all over Britain in the late eighteenth and nineteenth centuries.

What this meant was that Glenrothes, in order to house about 6,000 miners, was planned to grow to something around 30,000. What happened though was that the future of the coal industry changed rather more rapidly than a new town could be brought to its target size, so what started as a mining town liberally mixed with "other trades and occupations" soon became, and is now, a new town much like many others in its variety of industries and employers.

The varagies of Glenrothes' industrial future have naturally been reflected in its housing growth. It started with a target of 32,000 population, housed on 1,950 acres of the total site of 5,730 acres; in 1956, the National Coal Board's pessimism was reflected in the Development Corporation's admission that the population was likely to fall between 15,000 and 18,000; by 1959, the Forth Road Bridge and an overspill agreement with Glasgow had put the target up to 32,000 once again; in 1963, the decision that Glenrothes should become a "growth point" in Fife had raised the target to 55,000; and in 1966, the Development Corporation was planning for an end-of-century population in the region of 95,000. At present, the population is about 35,000—and it is planned to reach 55,000 in the coming decade.

Glenrothes has benefited from its chequered career. The Development Corporation has learned, and applied, lessons which might with advantage have been taught elsewhere. As they detailed in their 1967 report, adaptability has proven of greater use than rigid planning: "Over the 15 years since the 1951 outline plan for the town was prepared, dramatic changes have taken place not only in planning theory but in social habits and also through the turn of events. These have rendered obsolete nearly every basis for the original plan. There has been the remarkable increase in the ownership of cars and the consequent need for vehicle/pedestrian segregation and for vast urban motorways and elaborate traffic interchanges; there has also been the failure of Rothes colliery, the general reduction in working hours, the increase of leisure and the revolution that has taken place in the ways in which people live. The educational system is changing and this is altering the location and sizes of senior schools. Demand for industrial elbow room has increased. Learning, therefore, from these things and from the chequered history of the town, the Corporation, while recognising the uses of computer techniques and statistical analyses, accept that the real challenge to their planning is to maintain flexibility."

In terms of housing, the approach has in fact been consistently quite flexible. Glenrothes does not perhaps attract quite so much architectural and planning attention as Cumbernauld, or even Livingstone, but it has always steered well clear of the monolithic, quantity-oriented, approach. Those vague words of the early 1960s, the neighbourhood and the precinct, have held consistent sway. Housebuilding has been steady rather than dramatic. From 1951 to 1957 it ran at about 300 a year; since then, the figure has fluctuated between a low of 103 in 1973 and a high of 983 in 1967 — with the average running at around 400 to 500. Between designation in 1948 and the end of 1976, 10,247 houses were built — 9,484 by the Development Corporation, 328 by the local authority, and 435 by private enterprise.

Current housebuilding rates, and targets, run out at about 600 a year; and the proportion built for sale must move consistently upwards if the town is to expand its present proportion of owner-occupation, at 13 per cent, up to the official target of 25 per cent. Community participation in the design and planning of new housing has consistently been welcomed, although one experiment in late 1976 aimed at involving the existing population in the planning for the future population attracted less than a dozen visitors. Nevertheless, houses currently in hand for the north of the town have been designed to have their bedroom on the ground floor, and their living room on the first floor, offering a better view across the town, and greater public space: it may sound dull, but by the general standards of Scottish public housing, it is revolutionary.

Flexible

Nor is it the first example of Glenrothes' willingness to be flexible above and beyond the Scottish norm. The first precincts to be built in the town were Woodside and Auchmuty — and Auchmuty had a high proportion of 491 flats, which is almost 30 per cent. Traditionally, Scotland has built far more flats than England, but the post-war era has seen a pronounced shift in consumer preference towards the house. In 1960, the Development Corporation announced that it had recognised this shift, and that there was "considerable resistance to the letting of flats or maisonettes," as a result of which is had resolved to reduce its target proportion of flats from a third to about 10 per cent. This sharply reduced the future building requirement for flats, since so many had already been built.

Visually, the town's housing is not only varied in itself, but aided by the undulating nature of the site. The individual precincts are distinguished from each other by far more than their names: housing in Woodside differs from that in Auchmuty and from that in Macedonia, Tanshall, Caskieberran, Rimbleton, Cadham and Collydean. Gardens, trees, footpaths and traffic separation are common to every area, but there is no standard "Glenrothes house" in the sense that certain other new towns are dominated by one particular architectural vogue.

Glenrothes is also a popular place to live. Not only are people anxious to qualify for a rented house, but also keen to share the community and commercial attractions of this vigorous new town as owner-occupiers. The older Fife towns—and Glenrothes is the administrative centre of the ancient kingdom now—are justifiably jealous of its rise: a growth point is all very well, but for Kirkcaldy, Cowdenbeath, Methil and the like, it can be a threat. Designed to cater for a traditional industry, and with traditional homes, Glenrothes has brushed aside the failure of the mines, left behind the tenement flat, and rapidly become a rounded and attractive community, where the managers of the new factories are happy to pay £20,000-plus for a modern home.

D. K. Barnton

Slow Wall St. advance as holiday nears

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—112½% (111%)

Effective $1.8665—52½% (50½%)

STOCKS MADE minor gains in dull trading that was limited by anticipation of the Independence Day holiday. The market's weak upward bias may have come from *some short-covering and last-minute* portfolio adjustments.

However, trading was trendless, with most traders unwilling to take positions before the holiday and publication of U.S. money supply and consumer price statistics.

After the close the Fed reported U.S. money supply (M1) fell $1.9bn and today the market awaits a report on May consumer prices, which rose 0.9 per cent in April or 10.3 per cent on an annual basis. Also due today are reports on factory orders and farm prices.

The Dow Jones Industrial Index rose 1.73 to 821.64 and advances led declines about four to three. Volume was 21.66m shares against 23m shares on Wednesday. The Transport Index gained 0.63 to 219.32 and Utilities edged ahead 0.17 to 104.80. Stocks were 0.62 ahead at 282.93.

National Airlines, the most active issue, lost 25 cents at $17⅞. Turnover included blocks of 75,000, 55,000 and 96,000 shares. Ramada Inns, the second most active stock, put on 50 cents to $8¼.

Tropicana Products last $1½ to $45 before trading was halted and Beatrice Foods added ¾ to $25¼. Beatrice said the U.S. Federal Trade Commission would challenge its planned acquisition of Tropicana.

Ingersoll-Rand, forecasting record second quarter and first half earnings, gained $1¼ to $55¾. Trustees of the bankrupt Penn Central Transportation Company asked a U.S. Federal Court to authorise completion of its *reorganisation plan. The stock* eased ¼ to $2½.

Memorex climbed $2 to $47½ after reporting that $100m of new financing announced on Wednesday would yield a $20m. increase in borrowing power.

National Starch and Chemical was outstanding jumping $6⅞ to $70¾. The U.S. Internal Revenue Service ruled favourably on its proposed acquisition by Unilever N.V.'s U.S. unit. National holders will vote on August 15 on the deal which would pay them $73.70 a share.

Colonial Stores spurted $4¼ to $28¼ after Cavenham's Grand Union unit offered to buy it for $30 a share.

Teledyne picked up $1¼ to $102, Ferro gained $2 to $33½, Boeing Co. rose $1⅞ to $53½, and MCA put on $1⅝ to $49. But IBM lost $2¼ to $259⅞ and KLM fell $1⅝ to $62⅞.

American Stock Exchange prices rose in slow trading. The Amex index gained 0.61 to 145.69 but volume dropped to 2.75m shares against Wednesday's 3.13m.

Oil and Gas issues were active again. Damson Oil in second place added ¾ to $13½. Ashland Oil Canada eased 25 cents to $20½, and Total Petroleum North America eased 25 cents to $9⅞.

Resorts International "A," the most active issue, gained $2¼ to $71½. New Jersey delayed a hearing on a Resorts request to expand its gaming floor. Blount Inc jumped $2⅞ to $20⅞ and Johnson Products, which reported higher third quarter net, advanced $1 to $6¼.

Canada

Canadian share prices closed higher in active trading, with the Toronto Composite Index up 2.5 at 1,125.3 and advances leading declines 239 to 178. Eight sub-groups gained while six were lower. Metals and Mining jumped ahead 11.3 to 930.2 but the Gold Index fell 10.7 to 1,416.1.

Alberta Gas Trunk "A" was the most active issue, slipping ⅛ to $14⅝ on 103,199 shares. The company, which has acquired a 35 per cent interest in Husky Oil, invited Petro-Canada and Occidental Pete, formerly rival bidders for Husky shares and other companies to participate in a joint venture to exploit the heavy oil deposits in Saskatchewan and Alberta.

Andres Wines rose 50 cents to $16⅞. Intermetco put on ⅝ to $9½ and Coby Distilleries "B" gained 75 cents to $22 after reporting higher earnings. Crown Trust gained $3½ to $35, B. C. Packers "B" $2 to $34 and Noranda "A" $⅞ to $26⅞. Closing volume totalled 3,292,030 shares against 2,952,367 on Wednesday.

In Montreal the Industrial Index edged ahead 0.12 to 181.00 and the Composite Index moved up 0.28 to 180.82. Banks gained 0.26 to 274.69 and Papers 0.80 to 113.36.

Tokyo

Japanese share prices closed sharply higher in active trading and the Tokyo Stock Exchange Index closed up 1.42 at 416.34, the highest level for 1978.

Foods, Department Stores, Textiles and Pharmaceuticals rose on a recovery of personal spending, although the uptrend was curbed by late profit-taking.

Export-orientated shares rose slowly, despite an uncertain outlook on the Tokyo foreign exchange market. Sony rose Y60 to Y1,760, TDK Electronics gained Y40 to Y2,290, Pioneer was also Y40 ahead to Y1,850, and Ricoh put on Y10 to Y559. However, Matsushita Electric fell Y6 to Y725 and Toyota Motor slipped Y4 to Y929 on profit-taking.

Public Works shares, Real Estates, Communications and Machines closed higher in active trading, while Steels, Heavy machines and Shipbuilding closed slightly lower.

Germany

Frankfurt: Share prices were mostly firmer in lively trading on increased demand following some earlier profit-taking and ahead of possible decisions at the Bundesbank central council meeting. Most issues firmed DM 1-DM 2 but BHF Bank gained DM 5.90, BMW rose DM 5 to DM 244 and Linde rose DM 4.50 to DM 254.

Daimler-Benz was ahead DM 2 at DM 301 and Lowenbrau rose DM 5 to DM 1425. Metallgesellschaft put on over DM 3 and Siemens gained DM 1.2 at DM 292.5.

On the bond market public authority bonds were mixed showing gains and losses both of up to 40 pfennigs.

Paris

The market went higher in fairly active trading due to the firmer franc, the fall in the call money rate to 7¾ per cent from 7⅞ per cent and the cut in base rate by Ste Generale to 9.05 per cent from 9.30 per cent. Banks, Foods, Constructions and Oils were the best maintained led by Bouygues and Elf Acquitaine, while Rubbers, notably Michelin, Engineerings and Chemicals were well maintained.

Among mixed shares were Printemps and Navale Dunkerque Normandie, while among those to lose ground were Raffineries de Saint-Louis, BHV and Creusot-Loire. Redoute shed Fr 1 to Fr 543 and Legrand lost Fr 2 to Fr. 1,608. CIT Alcatel plunged Fr 15 to Fr 1,065. Dutch Oils and some Golds were weaker too.

Amsterdam

Dutch share prices were quietly mixed with a lower bias due to lack of interest. Philips and Royal Dutch edged lower in otherwise higher Dutch Internationals. Banks and Insurances were mixed, with AMFAS Fl 3 higher and Ennia and Midden-Standsbank more than Fl 1 lower. Weak shares included KLM, Fl 6.5 lower *at Fl 138.5,* Heineken and Bols.

But HVA, Deli and Rolinco were among issues to advance. State Loans were steady.

Brussels

Belgian share prices were mostly lower in quiet trading. Hoboken and UCB rose by BFrs 30 and BFrs 10 respectively while Sofina, Sidro, Cobepa, Asturienne, FN and Wagons-Lits *fell. Societe Generale gained* BFrs 10 to BFrs 1,920 but Soc. Gen. Banque lost BFrs 45 to BFrs 2,905. Petrofina and American Petrofina rose, but Canadian Petrofina was unchanged.

Johannesburg

South African Golds were narrowly mixed, but tended softer on balance in line with lower *bullion prices.* Anglos shed 5 cents to R5.50 in Mining Financials which were otherwise little changed. De Beers was down 13 cents at R6.70, which dealers said represented a correction of the recent sharp advance. Antimony share Cons. Murchison was 5 cents off the top at R4.60 although 35 cents ahead of Wednesday's close on chartist comment. Industrials were narrowly mixed in slack trading.

Hong Kong

The Hong Kong market closed slightly higher in moderately active trading, and the Hang Seng index rose 3.71 points to 548.56. Hong Kong Land rose 20 cents to HK$9.65, Hong Kong Bank was up 10 cents to HK$17.90, Wheelock 7.5 to HK$3.20 and Swire Pacific 5 to HK$8.10. But Jardine Matheson and *Hutchison* Whampoa were unchanged at HK$15.60 and HK$8.15 respectively. Among second liners, China Light rose 40 to HK$25.90, Hong Kong Wharf 20 to HK$22.20 and China Engineers 10 to HK3.05.

Milan

Milan prices closed irregularly higher in quiet trading. Pirelli Pirelli Spa, Snia Viscosa, Montedison, Fiat and Olivetti Ordinary were leading Industrials to show gains while Generale Immobiliare and Olivetti Privileged were unchanged. ANIC, and Pirelli EC were marginally lower. IFI Privileged gained in Financials, and Mediobanca in Banks, Assicurazioni Generali in Insurances was firm.

Switzerland

Zurich prices *closed steady.* Bank Leu eased among otherwise little changed leading Banks, while Elektrowatt and Oerlikon-Buehrle showed some strength in Financials. Except for firmer National-Versicherung Insurances were unchanged. Among steady Industrials Globus participation certificates firmed. Alusuisse and Elektrowatt rose SwFr 15 and SwFr 20 respectively.

Australia

The Australian market closed mixed with a slightly firmer bias in slow trading. BHP gained 6 cents to A$6.90 and the Bank of NSW rose 2 to A$5.98. ANZ dropped 2 to A$3.10 partly on overseas selling. Waltons shed 2 to 88 cents in generally steady Retailers. In mixed Uraniums, Pancontinental fell 50 to A$12.90 and Queensland Mines added 6 to A$2.48.

Indices

NEW YORK—DOW JONES

	June 29	June 28	June 27	June 26	June 23	June 22	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrial	821.64	819.91	817.31	812.28	823.02	827.70	866.51 (6/6)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bn'ds*	87.60	87.55	87.46	87.52	87.59	87.83	90.30 (4/1)	87.45 (27/6)	—	—
Transport	219.32	218.69	217.55	216.40	218.51	220.05	231.55 (6/6)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	104.80	104.63	104.30	104.19	104.55	104.60	110.98 (3/1)	102.84 (22/2)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's †	21,660	23,260	29,280	29,250	28,530	27,160	—	—	—	—

*Basis of Index changed from August 26

	June 23	June 16	June 9	Year ago (approx.)
Ind. div. yield %	5.69	5.56	5.43	4.85

STANDARD AND POORS

	June 29	June 28	June 27	June 26	June 23	June 22	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	105.67	105.40	104.82	104.49	105.90	106.41	110.99 (6/6)	89.62 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
‡Composite	95.57	95.40	94.98	94.60	95.86	96.24	100.32 (6/6)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	June 29	June 22	June 14	Year ago (approx.)
Ind. div. yield %	5.11	5.07	4.90	4.57
Ind. P/E Ratio	9.04	9.11	9.44	10.22
Long Govt. Bond yield	8.57	8.52	8.44	7.57

N.Y.S.E. ALL COMMON

June 29	June 28	June 27	June 26	1978 High	1978 Low
53.68	53.58	53.35	53.19	56.20 (8/6)	48.37 (6/3)

Rises and Falls	June 29	June 28	June 27
Issues traded	1,874	1,867	1,886
Rises	830	826	658
Falls	590	585	786
Unchanged	454	456	442
New Highs	19	—	—
New Lows	26	—	—

MONTREAL

	June 29	June 28	June 27	June 26	1978 High	1978 Low
Industrial	181.00	180.88	180.38	180.82	185.08 (15/6)	162.30 (16/2)
Combined	180.82	180.54	180.22	180.75	184.00 (8/6)	170.52 (30/1)
TORONTO Composite	1125.3	1,122.8	1120.5	1123.7	1148.0 (15/6)	998.2 (30/1)
JOHANNESBURG Gold	221.8	223.4	221.8	222.2	224.9 (21/6)	186.0 (20/4)
JOHANNESBURG Industrial	257.3	258.4	258.8	259.5	242.2 (20/6)	194.9 (13/3)

	June 29	Previous	1978 High	1978 Low
Australia (¶)	492.37	492.78	501.34 (15/6)	441.19 (1/3)
Belgium (‖)	94.85	94.88	101.16 (6/6)	90.43 (23/6)
Denmark (**)	94.35	94.65	98.13 (9/1)	94.00 (6/2)
France (††)	67.4	66.9	71.2 (30/5)	47.6 (3/2)
Germany (‡‡)	791.8	790.9	812.7 (10/2)	759.4 (17/5)
Holland (§§)	85.0	85.6	87.0 (9/6)	76.0 (4/4)
Hong Kong (¶¶)	548.56	544.85	562.51 (13/6)	383.44 (13/1)
Italy (‖‖)	61.91	61.57	64.25 (22/5)	55.45 (10/1)
Japan (a)	416.34	414.92	416.34 (29/6)	364.04 (4/10)
Singapore (b)	340.37	336.99	340.37 (29/6)	262.0 (1/5)
Spain (d)	101.59	101.96	110.78 (9/5)	87.99 (17/3)
Sweden (e)	375.31	377.52	397.95 (5/5)	329.74 (3/1)
Switzerl'd (f)	294.3	293.8	336.99 (28/6)	279.0 (20/4)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (¶) Sydney All Ord. (‖) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam Industrial 1970. (¶¶) Hang Seng Bank 31/7/64. (‖‖) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Closed. (d) Madrid SE 30/12/77. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. (u) Unavailable.

THURSDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
National Airlines	323,600	17⅞	−¼
Ramada Inns	320,500	8¼	+½
Sears Roebuck	307,700	23⅛	+¼
Arlen Realty	234,400	4⅛	−⅛
Exxon	190,100	45⅞	−⅛
Pittston	164,900	22⅛	+⅛
Boeing	163,700	53½	+1⅞
Citicorp	161,300	23⅞	—
General Electric	135,600	50⅛	+¼
Lionel Corp.	149,500	6⅞	+⅛

NEW YORK

Stock	June 29	June 28
Abbott Labs.	32½	32⅞
Addressograph	21⅛	20¾
Aetna Life & Cas.	39⅛	39⅝
Air Products	27¼	28⅜
Alcan Aluminium	27⅛	27
Alcoa	42⅞	43
Alleg. Ludlum	17⅝	18
Allegheny Power	18	18½
Corning Glass	56½	55¼
CPC Int'n'tional	51	51¼
Crane	28⅝	28½
Crocker Nat	25½	25⅜
Crown Zellerbach	31⅛	31
Cummins Engine	37	38
Curtiss Wright	16⅝	16⅝
Dana	27½	27
Dart Industries	42⅜	42½
Deere	32	32
Johns Manville	30⅝	30⅞
Johnson Johnson	81¼	81⅛
Johnson Control	27	27
Joy Manufactur'g	32½	33¼
K. Mar Corp.	24½	24⅛
Kaiser Alumini'm	32	31⅛
Kaiser Industries	2⅛	2⅛
Kaiser Steel	24⅜	24½
Kay	12⅜	12⅜
Kennecott	23⅛	23½
Kerr McGee	43⅝	43
Revlon	48⅜	48¼
Reynolds Metals	28	28¼
Reynolds R. J.	56	54⅞
Rich'son Merrell	25½	25⅜
Rockwell Inter	32	31⅞
Rohm & Haas	33	33⅝
Royal Dutch	58½	58¼
RTE	14⅝	14⅝
Russ Togs	12⅜	12¼
Ryder System	23	22⅞
Woolworth	19	18⅝
Wyly	4	4
Xerox	52⅞	52¾
Zapata	15¾	15¾
Zenith Radio	14¼	14⅛
U.S. Treas 4% 1980	†94½	†94½
US Treas 4¼% 75/85	†79⅞	†79⅞
U.S. 90 day bills	6.89%	6.90%
Consol Foods	25⅛	25¾
Consol Nat. Gas	38½	38¼
Consumer Power	22½	22⅝
Continental Grp	30	29¾
Continental Oil	26⅝	26⅝
Continental Tele	15½	15½
Control Data	32⅞	33½
Cooper Indus.	54¾	54⅜
Intl. Paper	39⅝	39⅝
IPG	24	23¾
Int. Rectifier	10¾	11⅛
Int. Tel. & Tel.	30⅛	30⅛
Invest	1	1
Iowa Beef	35	34⅞
IU International	11⅛	11¼
Jim Walter	29⅛	28⅞
Pub Serve Elect.	23⅜	[illegible]
Pullman	33⅝	[illegible]
Purex	17½	17
Quaker Oats	24⅞	24⅝
Rapid American	1⅛	9¾
Raytheon	47⅛	47
RCA	27	26⅞
Republic Steel	25⅛	25⅛
US Industries	19⅝	19⅝
Virginia Elect.	14⅛	14¼
Walgreen	24⅛	23⅞
Warner-Commun.	41⅝	41⅝
Warner-Lambert	28⅛	28⅛
Waste-Man'ment	23⅝	23¾
Wells-Fargo	26⅛	26⅛
Western Bancorp	35⅝	35⅛
Western N. Amer.	27⅞	27⅞
Western Union	16½	16⅝
Westinghse Elec.	21⅝	21¼
Weyerhaeuser	25	24⅝
Whirlpool	22½	22
White Con. Ind.	22	22⅛
William Co.	18	18¼
Wisconsin Elect.	28	28

CANADA

Stock	June 29	June 28
Sherritt G. Mines	5.37	5.12
Siebens O. [illegible]	28⅛	28¾
Simpson	5½	5⅛
Steel of Canada	25	25
Steep Rock Iron	†2.85	3.82
Texaco Canada	39½	39
Toronto Dom. Bk.	19⅞	19¾
TransCanPipeLn	15½	16⅝
Trans Mount Opl	9⅛	9
Trizec	†1⅛	†1⅛
Union Gas	11¼	11
Utd. Siscoe Mines	[illegible]	7½
Walker Hiram	32¼	32⅝
West Coast Trans.	11⅛	11⅛
Weston Geo.	17	17

† Bid. ‡ Asked. § Traded. ¶ New stock

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. Φ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. ‡ Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross. div. %. *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs: including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Traded. ‡ Seller. ‡ Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. ∆ Interim since increased.

GERMANY ◆

June 29	Price Dm.	+ or —	Div. %	Yld. %

TOKYO ¶

June 29	Prices Yen	+ or —	Div. %	Yld. %

Source Nikko Securities, Tokyo

AUSTRALIA

June 29	Aust. $	+ or —
ACMIL (25 cent)	†0.64	+0.01
Acrow Australia	†0.84	
Allied Mng. Trdg. Inds. $1	†2.16	

BRAZIL

June 29	Price Cruz	+ or —	Div. Cruz	Yld. %
Acesita OP	1.00	+0.01	1.12	12.00
Banco do Brazil	2.04	+0.01	0.17	8.33
Banco Itau	1.38	+0.0[illegible]	0.37	26.8

Turnover: Cr115.1m. Volume 31.8m. Source: Rio de Janeiro SE.

OSLO

JOHANNESBURG

MINES

INDUSTRIALS

Securities Rand U.S.$72½ (Discount of 37.2%)

SPAIN ♥

AMSTERDAM

June 29	Price Fls.	+ or —	Div. %	Yld. %

BRUSSELS/LUXEMBOURG

June 29	Price Frs.	+ or —	Div. Frs. Net	Yld. %

PARIS

June 29	Price Frs.	+ or —	Div. Frs.	Yld. %

SWITZERLAND ●

June 29	Price Fr.	+ or —	Div. %	Yld. %

COPENHAGEN ♣

June 29	Price Kroner	+ or —	Div. %	Yld. %

VIENNA

June 29	Price %	+ or —	Div. %	Yld. %

MILAN

June 29	Price Lire	+ or —	Div. Lire	Yld. %

STOCKHOLM

June 29	Price Kronor	+ or —	Div. Kr.	Yld. %

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10½%
Barclays Bank	10 %
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't. Trust	10 %
Capitol C & C Fin. Ltd.	10 %
Cayzer Ltd.	10 %
Cedar Holdings	10½%
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	11 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
Corinthian Securities	10 %
Credit Lyonnais	10 %
The Cyprus Popular Bk.	10 %
Duncan Lawrie	10 %
Eagil Trust	10 %
English Transcont.	11 %
First London Secs.	10 %
First Nat. Fin. Corpn.	11 %
First Nat. Secs. Ltd.	11 %
■ Antony Gibbs	10 %
Greyhound Guaranty	10 %
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
■ Hambros Bank	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	9 %
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½%
Midland Bank	10 %
■ Samuel Montagu	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster Accept'cs	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
Whiteaway Laidlaw	10½%
Williams & Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7¼%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼% and over £25,000 7½%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7%.

EUROPEAN OPTIONS EXCHANGE

Series		July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
ABN	F350	1	14	—	—	—	—	F364
Akzo	F27.50	—	—	—	—	1	4.80	F29
Akzo	F30	—	—	—	—	2	2.90	F29
Akzo	F32.50	—	—	—	—	5	2	F29
E. Kodak	$40	3	14½	—	—	—	—	$54⅝
E. Kodak	$45	—	—	1	10½	—	—	$54⅝
E. Kodak	$50	—	—	5	6¼	—	—	$54⅝
E. Kodak	$60	—	—	10	2¼	3	3¼	$54⅝
IBM	$240	1	22½	—	—	—	—	$261½
IBM	$260	3	6¼	—	—	—	—	$261½
IBM	$280	3	¾	—	—	5	9	$261½
KLM	F150	—	—	42	8	14	10.50	F139
KLM	F160	21	1	55	5.10	25	8	F139
KLM	F170	15	0.80	15	3.30	17	6.50	F139
KLM	F180	—	—	42	2.10	23	4.50	F139
KLM	F190	—	—	4	1.80	1	3	F139
KLM	F200	7	0.10	—	—	20	2	F139
KLM	F220	—	—	15	0.90	—	—	F139
Nat Ned	F110	—	—	6	2.30	—	—	F102.90
PHI	F25	4	1.50	4	2	39	2.90	F26.30
PHI	F27.50	76	0.10	—	—	15	1.60	F26.20
R. D.	F120	6	11.80	—	—	30	12	F130.50
R. D.	F130	—	—	1	5	2	6	F130.50
S	$25	—	—	2	1⅝	—	—	$23⅝
Unilever	F120	2	1	—	—	—	—	F120.20
		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	
BA	$50	—	—	5	6⅝	—	—	$52⅝

FAO wants emergency locust fund

ROME, June 29.

LOCUST EXPERTS at the UN Food and Agriculture Organisation (FAO) have called for a $3m emergency plan to combat swarms of locusts in Ethiopia and Somalia.

The FAO's top locust expert, M. Jean Roy, told Reuters that 50 swarms are moving through Ethiopia and Somalia and the Horn of Africa was in the early stages of a plague of the insects.

Each swarm occupies about 200 sq. km. The plague could spread into the Sudan across Africa and over the Arabian peninsula to India and Pakistan, he said.

One swarm has already been located in the Indian state of Gujarat, and ships crossing the Arabian Sea have been infested by flying swarms seeking a place to rest, M. Roy said.

The meeting of experts in Rome recommend that $3m should be donated to the Locust Control Organisation for Eastern Africa as soon as possible, an FAO spokesman said.

Efforts to control the locusts in Ethiopia and Somalia have been held up by recent fighting between Ethiopian forces and Somalis in the Ogaden Desert and by the rebellion in Eritrea.

Change in NZ wool sales

WELLINGTON, June 29.

THE NEW ZEALAND Wool Board has modified its "extra choice" selling scheme, Mr. John Clarke, Wool Board chairman, said in a statement.

The scheme, operated for the past two seasons, allows growers to sell direct to the Board crutchings, lambswool, and *second shear wool at current* auction rates.

Extra choice sales have been held every two or three weeks, many coinciding with auctions. For the new season, extra choice dates will now fall between auctions.

Mr. Clarke said the Board did not wish to impinge on the auction system.

Reuter

OIL FIGURES REVISED

WASHINGTON, June 29.

THE U.S. Agriculture Department has revised its May estimates of world potential production of protein meals, fats and oils.

Total world meal production is expected to decline to 76.5m tonnes in 1978 from a previous estimate of 76.7m tonnes, it said *in the weekly world commodity* round-up.

Reuter

New decline depresses London copper market

BY JOHN EDWARDS, COMMODITIES EDITOR

A FURTHER decline in copper prices to the lowest level for three months cast a shadow of depression over the London Metal Exchange yesterday. Copper cash wirebars fell by £10.25 to £687 a tonne, below price levels prevailing before the invasion of the Shaba province in Zaire which pushed the market up some £100 above current levels.

Yesterday's price decline was mainly caused by the overnight fall in the New York market, which triggered off further stop-loss selling.

Dealers are at a loss to explain why copper prices have fallen back so sharply. Despite claims from Zaire that copper pro*duction is back to above-normal* levels, the general belief is that output at the Kolwezi mines remains disrupted and is unlikely to recover for some time yet.

While supplies in the pipeline are helping to cover the shortfall temporarily, there must be considerable doubts about future supplies from Zaire. Paradoxically, free market cobalt prices have started to rise again in anticipation of supplies from Zaire becoming even scarcer during the fourth quarter of the year.

Although Peruvian copper production reached a record 341,000 tonnes last year, compared with 220,000 tonnes in 1976, shipments this year are continuing to be hit by labour and technical problems.

Zambian deliveries are also still badly disrupted by transport and production difficulties.

The various supply cutbacks have been reflected in the big decline of copper stocks held in

Reuter's index of world commodity prices dropped by 12.5 points to 1,476 yesterday following a 7.7 point decline the previous day and now stands 93.5 points below its level of a year ago.

All 17 primary commodities included in the index (1931—100) were down with the exception of groundnuts, meat, rice, wool and maize which were unchanged.

The Financial Times Commodity Index fell last night to 242.00 (1952=100). This compares with 249.97 a year ago and 250.34 a month ago. The FT Index includes an equal proportion of 12 sterling and dollar quotations, while the Reuter index is based on sterling commodities only.

the LME warehouses. But this is the seasonal quiet period, with industrial activity at a low ebb during the summer holidays in the Western world. Consumer demand is reported to be remaining very sluggish.

Last night the U.S. Council on Wage and Price Stability said it opposed the domestic copper producers' renewed requests for protection against low-price imports by the introduction of a quota system.

It estimated that quotas could cost consumers as much as $1.4bn a year and argued that imports are not the major cause of the problems facing the U.S. copper industry.

Tin prices were hit by the decline in copper and an overnight fall in the Penang market. Cash tin lost £70 to close at £6,645 a tonne. It was confirmed that a mass meeting of workers at the Capper Pass smelter will be held on Monday to consider proposals for a settlement of the dispute that closed the plant down on June 12.

Despite all these "bullish" influences, however, dealers generally seem to feel that the steam has gone out of the tin market and that it will not get back to the all-time peaks levels reached last October when cash tin was more than £7,000 a tonne.

The downturn in copper has *also hit the lead market hard*, despite the continued strike at the Amax refinery in the U.S. Cash lead fell by £6.25 to £301

Cash zinc too lost £3.75 to £297 a tonne. Dealers do not hold out much hope of positive action resulting from the meeting of the International Lead and Zinc Study Group in Vienna next week.

EEC grows 8% more wheat

BY OUR COMMODITIES STAFF

COMMON MARKET farmers have planted 8 per cent more wheat this season and increased their barley acreage by at least 1 per cent. Given reasonable weather conditions, they can expect a large crop, says the EEC statistics office in Luxembourg.

The area under oats and rye has fallen but the sugar acreage is about the same as last year.

The office reports that most winter grains were sown in good conditions. Wet weather delayed spring cereal drilling and held up the root crops, but the hold-ups were made good when the weather improved.

Total grain output for the EEC last year was 103.6m tonnes including 38.5m tonnes of wheat and 37.7m tonnes of barley. Annual average so far this decade is 101.36m tonnes.

Beet production last year was 77.86m tonnes which yielded 12.16m tonnes of raw sugar.

In London yesterday Mr. Jorge Zorreguieta, the Argentine *Under-Secretary for Agriculture*, said his Government would remain adamantly opposed to an International Wheat Agreement which provided for restrictions on extreme price movements or quantified guarantees of grain supply.

He told Reuter that wheat production would expand or contract in response to market forces and producers could undertake to do no more than take all possible measures to provide supplies in the event of a world shortage.

Mr. Zorreguieta, who will continue as head of the Argentine delegation when the wheat pact talks resume in Geneva next week, said any attempt to stabilise world wheat prices would succeed or fail through the operation of a reserve stock mechanism.

Some countries, where the farmers were guaranteed a price divorced from world prices, were concerned only with the effect reserve stocks would have on the price of imports.

Argentine growers' incomes would be directly affected by any internationally agreed price stabilisation measures, since their prices have a fixed relationship to international levels, Mr. Zorreguieta said.

For the 1978-79 crop year the Argentine Government has guaranteed wheat growers a floor price of 80 per cent of world prices and for one year only has given further guarantee of support with a minimum price of $100 a tonne.

Asked whether Argentina would have sufficient storage capacity to meet any obligations under a reserve stocks programme, Mr. Zorreguieta said they would be provided under current plans to expand production of grains and oilseeds.

He estimated that Argentine wheat stocks at the end of the 1978-79 season might fall from the 600,000 tonnes expected this season.

'Desperate' dealers sell cut-price tractors

By Our Own Correspondent

BRITISH TRACTOR dealers are cutting prices as they "desperately attempt" to find customers, Jordan Dataquest reports in a new survey of the farm machinery business.

Exports, too, have suffered from a sales slump, and the survey quotes the machinery makers' association view that the short-term outlook remains dim in markets at home and abroad.

Profitability throughout the industry is low. More than two-fifths of the companies involved were found to be earning profits of less than 5 per cent on turnover.

More than 13 per cent of the companies surveyed were losing money.

The authors also claimed to be surprised that almost none of the large private companies showed any significant export business even though agricultural machinery might be supposed to be a sector particularly "amenable" to export.

However, private companies, even though they did not have a worthwhile share of the tractor market—which accounts for 80 per cent of the whole farm machinery trade—performed at least as well as the bigger firms.

Limits set on oil-based bio-proteins

ROME, June 29.

THE ITALIAN National Health Council said it had decided to propose limited use of oil-based synthetic proteins as animal feed, restricting them to animals not destined for human consumption.

It called for further studies on the possible effects of bio-proteins on health.

The National Health Council ruling affects two companies with plants for production of bio-proteins which are at present lying idle in Italy. They are Liquichimica Spa and Italproteine Spa, a subsidiary of Anic/British Petroleum Company.

The board of Italproteine recently decided to put its Sardinian plant into liquidation, because of the long delays in obtaining a decision from the Italian Health Council.

Reuter

UK AGRICULTURE

Placid contentment and wishful thinking

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

I HAVE returned from my travels to find the farming scene one of almost placid contentment.

There is hardly a cheep out of the National Farmers Union. The Green £ is no longer mentioned; and apart from some murmurings about the pigmeat monetary compensatory amounts, and the fact that the French are imposing levies against British lambs against the explicit orders of the Commission, there is no vestige of complaint.

Nor can confidence be lacking. Although sales of machinery are slack, and in the case of tractors very slack, the prices of store cattle and sheep are at all time highs.

This market is for short time investment, and farmers expect a profitable return within a few months. However, I would think the Fairy Wishful Thinking was sitting on some buyers' shoulders when they calculated the limits of their buying prices.

In fact farmers seldom calculate these buying prices well. In spring and early summer the grass is growing, and they don't like to see it going to waste. Numbers of livestock available for sale are short, partly due to the export of rearing calves over the past 12 months. Farmers feel they must go on stocking their fields, and hope that the results of inflation will get them out of trouble.

But it is in the land market that the exuberance of farmers is really showing itself. Nowadays £1,000 an acre is old hat. Whole farms of very ordinary land are making £1,500 an acre, while blocks of accommodation land, as they are called, are fetching well over £2,000.

Today's wise vendor cuts his property up into convenient sizes, so that they will come within the financial limits of his neighbours who may lack the capital to buy a whole farm. The logic of these operations is that many farming families have quite substantial reserves, or else are capitalising on their profits.

If, for example, a farmer has substantial profits, and, *pace* the NFU, many have, he would rather spend them in tax-deductible interest payments on purchased land, than pay tax or buy machinery on 100 per cent write off. As long as the inflation of land values and profits persists he is all right. But some of the deals I have been told about would not allow me to sleep at night if I had done them.

The country looks well too. There has been a quite remarkable recovery in the autumn sown crops of wheat and barley, which suffered a long winter and a rather cold spring. They are all well in head now, and looking very promising with dense thick stands.

There have been reports of yellow rust, and other diseases. But so far these are not thought to have caused any real damage, and have been sprayed in some cases.

As farmers we are all much more conscious of these attacks, of which in general the symptoms are a yellowing of the leaves. The trouble is that the yellowing can be caused by any amount of identifiable factors for which there is an antidote, and also by what is called stress for which there isn't. This stress might be drought, excess moisture, cold or heat or even physical damage. Diagnosis is often a case of guesswork.

Yellowing leaves eventually die, and if they die too soon, the grain does not fill and yields are poor. This is why, although the wheat crops look very well, I would not begin to prophesy yield. This all depends on the pattern of the ripening.

At the moment the cool weather is keeping diseases at bay and allowing the wheat to develop slowly. So slowly, in fact, that I do not think any of mine will be ready until nearly the end of Agust, a week or 10 days later than usual.

Winter sown barley is much closer to harvest and the grain is well formed with the crop so far standing well. It is changi[ng] colour now and I would exp[ect] to get the combine going so[me] time after July 20. At [the] moment it looks as though it w[ill] be the crop of the year, thanks [to] an almost complete absence [of] disease. However, I would rea[lly] like to see some hot sunshi[ne] now to harden off the grain a[nd] advance the ripening.

I am rather concerned ab[out] spring barley. Both May a[nd] June have been dry months [in] many parts and spring sown b[ar]ley needs a lot of moisture. Wh[en] even indifferent batsmen h[ave] *been making runs, spring bar*[ley] never seems to yield as well [as] after a wet May and many due[...]

Somehow, although the spri[ng] barley came up well, it has nev[er] thickened as it should, and [in] some areas is looking very th[in] indeed. It is well in head no[w,] rather earlier than I usually l[ike] to see it, and I doubt very mu[ch] if even an inch or two of r[ain] this weekend would do much [to] mend things.

Regrowth of pasture after h[ay] or silage making has been qu[ite] slow, except where there [was] rain last week. This is maki[ng] many flockmasters, includ[ing] myself, very nervous. I had [a] bad spring for grass and [my] sheep have been much shor[ter] of keep than for many yea[rs.] On the whole, the earlier lam[bs] have done quite well, but t[he] later ones have not made t[he] progress I like to see.

Selling them is tricky. T[he] price is still well above la[st] year's levels, thanks to rec[ord] exports to the EEC. But t[he] market is bouncing up and do[wn] *like a yo-yo. The market h*[as] fallen about 7p per kilo from l[ast] week, but by seven in the mor[n]ing I had had two buyers on t[he] phone trying to buy at the n[ew] price. I said that if they rea[lly] wanted them they would have [to] bounce the price up again. The[re] is a good safety net this year [in] that the thinner "store" lam[bs] are worth almost as much as [fat] ones. A factor of which I int[end] to take advantage.

Jamaica changes bauxite price system

BY OUR OWN CORRESPONDENT

KINGSTON, June 29.

THE Jamaican Government is to earn revenues totalling $200m from the bauxite and alumina industry this year. This represented a marginal increase in production over last year, Mr. Eric Bell, Finance Minister, told Parliament.

The revenue, from the controversial bauxite production levy imposed by the Government in 1975, is based on projected production of 11.1m tonnes this year. Output last year was 11m tonnes.

The Minister also disclosed that the Government had reduced the bauxite levy on the companies here from 8 per cent of the average realised market price [of] aluminium ingots to 7.5 per cen[t].

The average realised mark[et] price being used by the Gover[n]ment for this year is 53 cent[s a] pound.

At the same time a basic pri[ce] for raw bauxite ore of $18.[...] would be applied to all sales [of] the ore.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Weaker following the sell-off on Comex overnight which led forward metal to start lower in London at £707 and decline immediately to £703. Thereafter the price steadied and held around £707, encouraged by a steady Comex opening in the afternoon. But the stronger pound led to renewed liquidation, pushing the price to £704.5 and a close on the Kerb of £705.5. Turnover: 35,725 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £686, 86.5, three months £707, 6.5, 6, 6.5, 7, 6.5. Cathodes, cash £682, 81.5, 82, three months £701.5, 2. Kerb: Wirebars, three months £706.5, 7, 7.5. Afternoon: Wirebars, three months £707.5, 7. Cathodes, three months £702. Kerb: Wirebars, three months £706, 5, 5.5, 6.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	686.5-7	—11.5	686.5-7.5	—10½
3 months	706.5-7	—11½	707-.5	—10½
Settl'm'nt	687	—11.5	—	......
Cathodes				
Cash	681.5-2	—15	681-2	—11
3 months	701.5-2	—12½	701.5-2	—10½
Settl'm'nt	682	—15	—	......
U.S. Smt.	—	......	*66.5-68	......

TIN—Easier with forward metal marked down at the start to £6,510 after the fall in the East overnight. Bear covering and pricing caused a rally to £6,575 but in the afternoon the lack of physical demand, the influence of copper and the rise in the pound depressed the price. Chartist selling led to a price of £6,500 before a close on the Kerb of £6,520. Turnover: 1,210 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6675-80	—77.5	6640-50	—72.5
3 months	6585-600	—62.5	[illegible]	[illegible]
Settlem't	6677.5	—62.5	—	[illegible]
Standard				
Cash	6675-80	—72.5	6640-50	—70
3 months	6555-65	—65	[illegible]	[illegible]
Settlem't	6680	—75	—	[illegible]
Straits E.	$1716	—27	—	[illegible]
New York	—	—	—	—

Morning: Standard, [illegible] three months £6,550. [illegible] Standard, cash £6,675, [illegible] £6,560, 75, 70. Afternoon: [illegible] £6,660, 40, three months [illegible] 30, 40, 35, 40, 35, 30. [illegible] three months £6,510, [illegible] 20, 25.

LEAD—Lower in line [illegible] trend, but forward metal [illegible] around £312 after bein[g] [illegible] initially to £310-£312. The [illegible] towards the end of th[e] [illegible] currency considerations [illegible] day's low of £309. Turnover: [illegible]

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	303.5-.75	—3	[illegible]	[illegible]
3 months	312.25-.5	—4.12	[illegible]	[illegible]
Settl'm'nt	303.75	—3.25	[illegible]	[illegible]
U.S. Spot	—	......	[illegible]	[illegible]

Morning: Cash £303, [illegible] months £312, 12.5, 12, 1[illegible] Three months £312. A[fternoon] [illegible] months £312, 11, 11.5, 1[illegible] months £310, 9.5, 10, 9.[illegible]

ZINC—Moved narrowly lower with forward metal [illegible] Trading took place arou[nd] [illegible]

[illegible]

LEGAL NOTICES

No. 001934 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of WESTYIELD HOMES LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 19th day of June 1978, presented to the said Court by J. DANGERFIELD & CO. LIMITED [illegible]

[illegible]

Ref: F/TTH. Tel: 01-583 5311.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition *must serve on, or send by post to, the* above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 21st day of July 1978.

No. 002035 of 1978

In the HIGH COURT OF JUSTICE *Chancery Division Companies Court.* In the Matter of BULLINGDON HOUSE WINE CO. LIMITED and in the Matter of The Companies Act, 1948

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 27th day of June 1978, presented to the said Court by PERCY FOX & CO. LIMITED whose [illegible]

[illegible]

C. R. JONES, Bedminster,
Bristol BS99 7JR.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition *must serve on, or send by post to, the* above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 25th day of July 1978.

SILVER

[illegible]

COCOA

[illegible]

COFFEE

ROBUSTAS futures steadied in the morning due to follow-through buying from Wednesday, Drexel Burnham Lambert reported. [illegible]

[illegible]

GRAINS

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

LONDON—The market was featureless, Bache reported. [illegible]

[illegible]

MEAT/VEGETABLES

[illegible]

Granny Smith 8.60: S. African: Granny Smith 8.70, White Winter Pearmain 7.40, Starking Delicious 8.20-8.40, Golden Delicious 8.20-8.60, Yorks 8.20-8.60: Chilean: Granny Smith 7.60-8.20, Starking 8.10-8.30: New Zealand: Sturmer Pippins 163 9.00, 175 9.00, Granny Smith 9.00: Italians: Rome Beauty per pound 0.16, Golden Delicious 0.16, Jonathans 0.14. Pears—S. African: Cartons, Packham's Triumph 9.50, Josephines 9.00. [illegible]

[illegible] Cauliflowers—Per 12 Lincoln 2.00-2.20. Broad beans—Per pound 0.07-0.08. Peas—Per pound 0.12-0.14. Cherries—Per pound 0.50-0.60. Gooseberries—Per pound 0.20-0.22.

JUTE

DUNDEE JUTE—Firm. Prices c and f UK for Oct./Dec. shipment. BWB £263, BWC £254, BWD £248. Tossa BTB £266, BTC £255, BTD £248. Calcutta goods steady. Quotations for June shipment 10-ounce 40-inch, £9.88, 7½-ounce £7.41, per 100 yards: July £9.81 and £7.34: August £9.85 and £7.27. "B" twills £26.88, £26.53, £27.43. Yarn and cloth very quiet.

VEGETABLE OILS

LONDON PALM OIL—Dull. All unquoted. Sales: Nil.

★

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.50-£5.90, codlings £2.60-£3.50. Large haddock £4.90, medium £3.90-£4.70, small £2.30-£3.00. Large plaice £4.50-£5.00, medium £4.20-£4.60, best small £3.70-£4.00. Skinned dogfish (medium) £5.00. Lemon soles £5.00. Rockfish £2.60-£3.00. Reds £2.00-£2.60. Saithe £2.00-£2.60.

Sharp fall in rubber prices

By Our Commodities Staff

RUBBER PRICES fell sharply again on the London market yesterday as speculative selling gathered strength. On the physical market the No. 1 RSS spot price was cut by 1.25p to 55p a kilo compared with a peak of 58.75p reached last Friday. On the futures market the September position fell by 1.5p to 56.65p a kilo.

Market sources said that the renewed fighting between Cambodia and Vietnam had only a limited, temporary, impact. It *was felt that speculative buying* in recent weeks had pushed prices too high. The reaction in an overbought market had been accelerated by breaking through a chartist selling point, that brought a new wave of profit-taking.

PRICE CHANGES

Prices per tonne unless otherwise stated.

	June 29 1978	+ or —	Month ago
Metals			
Aluminium	£680	....	£680
Free market (cis)	$1,030/40	....	$1000-10
Copper cash W.Bars	£687	—10.25	£767.75
3 months do. do.	£707.25	—10.25	£788.25
Cash Cathode	£681.5	—11.0	£761.25
3 months do. do.	£701.75	—10.25	£781.25
Gold Troy oz.	$184.375	—1.0	$184.375
Lead Cash	£301	—6.25	£313.5
3 months	£310.75	—6.125	£325.625
Nickel	£2,566	....	£2,566
Free Market (cif)(lb)	$1.85-1.95	....	$1.95 2.05
Platinum troy oz.	£133.0	....	£122
Free Market	£132.4	....	£136.3
Quicksilver (76lb.)	$125/30	....	$127/32
Silver troy oz.	288.2p	—1.4	295.05p
3 months	295.7p	—1.7	302.2p
Tin Cash	£6,645	—70.0	£6,535
3 months	£6,532.5	—65.0	£6,445.5
Wolfram 22.04lbcif	$132/36	....	$130/35
Zinc cash	£297	—3.75	£323.5
3 months	£306.75	—4.0	£333.25
Producers	$550-600	....	$550-600
Oils			
Coconut (Phil)	$665p	—5.0	$660
Groundnut	£704	....	£749
Linseed Crude (v)	£362	....	£385
Palm Malayan	$635k	....	$630
Seeds			
Copra Phillip	$475p	—5.0	$460
Soyabean (U.S.)	$277.9k	—1.5	$303.5
Grains			
Barley EEC	‡	....	‡
Home Futures	£81.80	—0.25	£85.7
Maize			
French No. 3 Am	£103.5z	....	£105.25
Wheat			
No. 1 Red Spring	£93.5	....	£98.5
No. 2 Hard Winter	‡	....	‡
English Milling	£105	....	£102
Cocoa Shipment	£1,890	—14.0	£1,759
Future Sept.	£1,782	—34.5	£1,660.5
Coffee Future			
Sept.	£1,497.5	—8.5	£1,721.5
Cotton 'A' Index	70.55c	—1.0	70.9c
Rubber kilo	55p	—1.25	56.25p
Sugar (Raw)	£95	—1.0	£102.5
Wooltops 64s kilo	283p	....	281p

* Nominal. ‡ Unquoted. k August. m June-August. n July-Sept. p July-Aug. w July. y August-Sept. z June-July. x Per ton.

INDICES

FINANCIAL TIMES

June 29	June 28	Month ago	Year ago
242.00	244.73	250.34	249.97

(Base: July 1, 1952=100)

REUTER'S

June 29	June 28	Month ago	Year ago
1476.0	1488.5	1508.5	1569.5

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	June 29	June 28	Month ago	Year ago
Spot	359.14	359.14	355.74	393.43
Futures	346.12	345.70	357.74	358.62

(Average 1924-25-26=100)

MOODY'S

Moody's	June 29	June 28	Month ago	Year ago
Sple Commty	912.5	915.7	927.6	985.3

(December 31, 1931=100)

COTTON

COTTON, Liverpool—Spot and shipment sales amounted to 100 tonnes, bringing the total for the week so far to 552 tonnes, W. F. Tattersalls reported. Miscellaneous purchases in certain Middle Eastern growths were again reported, but the offtake was narrow. Minor replenishment needs were sought in Latin American and African styles.

U.S. Markets

Metals dip, coffee ends mixed

NEW YORK, June 29.

PRECIO[US metals] [illegible]

[illegible]

STOCK EXCHANGE REPORT

Effects of gloomy economic predictions short-lived

Equity leaders and Gilt-edged recover to close higher

ACCOUNT DEALING DATES

Option First Declara- tions	Last Dealings	Account Day
Jun. 12 Jun. 22	Jun. 23	July 4
Jun. 26 July 6	July 7	July 18
July 10 July 20	July 21	Aug. 1

* "New time" dealings may take place from 9.30 am two business days earlier.

The pessimistic analysis of UK economic prospects presented by the Cambridge Growth Project curtailed investment incentive for equities until the late trade when, in an attempt to explain a small improved demand, speculation developed about possible political moves in the shape of a new Lib-Lab pact.

A more positive influence was the Tories' intention to substantially increase in final dividend payments if restraints are abolished. This gave the market renewed life. Mr. Healey's reference to a very satisfactory rate of growth in industrial output made little impression on sentiment.

Business overall, however, remained extremely light and was only slightly better than the previous day which, measured by official markings, was the lowest since Christmas. Once again, institutional buyers were content to keep their funds and showed no interest in lines of selected secondary issues which were thus difficult to place.

Trading announcements brought individual features and some Plantation stocks were prominent. While the Plantations sector as a whole attracted aggressive demand, largely from the Far East, which naturally aroused more speculative London business. Guthrie stood out with a rise of 15 more to 325p on various rumours ranging from a pending change of domicile, merger hopes and expansionary plans; details of the proposed Arab venture were released late in the evening.

The FT Industrial Ordinary share index illustrated the day's events, being 2.7 down at the 10 a.m. calculation and finally a net 2 points higher at 457.3; the gain in Boots accounted for about 0.8 of the rise.

The lack of incentive was even more apparent in British Funds. A slightly lower opening quotations eventually attracted a few cheap buyers with the result that losses of ¼ were transformed into net gains of ⅛. The announcement that Minimum Lending Rate would remain this week at 10 per cent aroused little enthusiasm because few expected a change. However, a continuation of the upward pressure on U.S. short-term levels—the Federal funds' rate increased to 8 per cent yesterday—caused a late reaction in the shorter maturities. Corporations traded narrowly and first-time dealings in Sefton Variable 1983, most of which was placed at 99½, began at 100 before a close of 99¾.

With institutional and arbitrage interest following up the previous day's late advance, the investment currency premium rose to 113½ per cent before a reaction to 112½ per cent for a gain on balance of 1½ points. Yesterday's SE conversion factor was 0.6580 (0.6698).

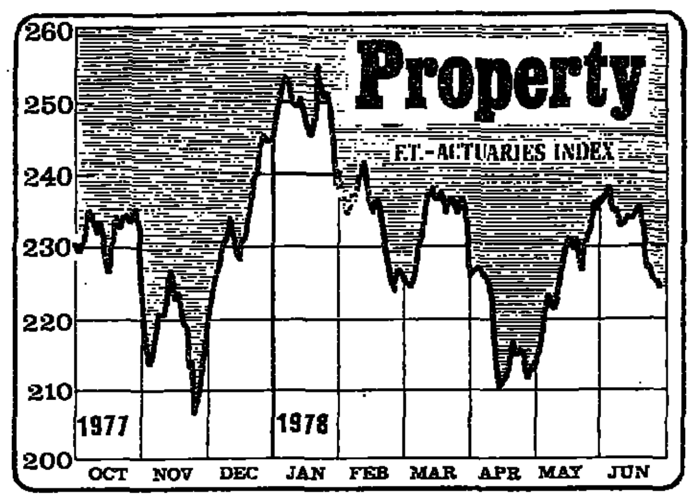
Activity diminished in Traded Options and the total number of contracts done fell to 333, compared with the previous day's 549. ICI were the most active with 71 contracts and the October 360 series cheapened 2½ to 21½p. Marks and Spencer followed with 66 and its October 140 lost 2 to 9p.

Hambros down again

Awaiting the outcome of the group's Norwegian talks on shipping guarantees, Hambros continued to drift lower on nervous offerings and touched 170p before closing 2 easier on balance at 174p. Elsewhere in a lethargic banking sector, the major clearers edged forward in thin trading. Midland closed 2 better at 342p and NatWest the turn harder at 255p.

Leslie and Godwin improved 2 more to 118p and the 10 per cent preference were called a nominal 80p following publication of the agreed bid terms from Frank B. Hall. Elsewhere, within the sector, Brokers gave back all of their previous day's speculative gains. Alexander Howden dipped 7 to 157p and C. E. Heath lost 5 to 250p.

Buildings displayed no set trend after a thin trade. Contracting and Construction issues drifted lower on lack of buyers with Taylor Woodrow and Marchwiel easing around 4 apiece to 356p and 286p. Elsewhere, BPB rebounded on further consideration of the results and, after Wednesday's loss of 3, the close was 9 higher at 216p. Gains in selected secondary issues were exaggerated by the sensitivity of the market to the occasional small buyer; Helical Bar and Heywood Williams both firmed 5 to 38p and 122p respectively, while Johnson-Richards Tiles were supported and closed 6 higher at 96p. In contrast, small selling lowered Milbury 8 to 90p.



ICI erased an initial fall of 4 in the modest late upturn and the close was a net 3 higher at 371p. Similarly, Fisons reverted to the overnight level of 358p, after 355p. Croda International added a penny to 50p in response to a broker's bullish circular, but small selling clipped 5 from International Paint at 70p.

Film processors Humphries Holdings failed to respond to the return to profit and were unmoved at 12p.

MFI easier

Stores displayed no set trend after a thin trade. Profit-taking after the recent speculative spurt on bid hopes brought about a fall of 8 to 94p in MFI Furniture, while Liberty receded 7 to 138p in a thin market and Vantona dipped 5 to 119p. The directors' encouraging remarks about current-year trading helped Court (Furnishers) to put on 3 to 102p.

Electricals contributed their share of firm spots. GEC picked up 3 more at 259p in further recognition of the company's dividend-paying potential, while Cableform responded to Press comment with an improvement of 4 to 72p. Ferranti, which is dealt in under Rule 163 (2), were raised 50 to 420p nominal following Press comment on the preliminary results. Electrocomponents moved up 4 to 447p for a two-day gain of 17 on the substantially improved profits. Thorn Electrical, however, shed 4 to a 1978 low of 314p: the preliminary results are expected next Friday, while Pifco lost 6 at 84p on small selling in a restricted market.

Engineerings were again mainly notable for renewed strength in John Brown which put on 8 more to a peak of 392, making a jump of 46 since last Friday's excellent annual results; the group has announced £10m modernisation plans for its industrial equipment in Clydebank. Other leaders closed narrowly mixed. Elsewhere, the Board's encouraging remarks about prospects outweighed the lower annual earnings and Renold put on 6 to 126p. Buying ahead of next Tuesday's preliminary figures prompted an improvement of 3 to 60p in Tex Abrasives.

Foods fluctuated narrowly around the previous day's closing levels. Batleys of Yorkshire edged forward a penny to 53p in front of today's preliminary figures, while revived speculative interest lifted Avana fractionally to 37½p. Rakusen eased to 17½p on further consideration of the interim figures, while losses of 3 occurred in J. Sainsbury, 190p, and Meat Trade Suppliers, 81p.

Trust Houses Forte, at 217p, gave up 3 of the previous day's gain of 10 which followed the better-than-expected interim figures.

Boots good late

Late details of the company's intention to pay a near-doubled dividend for the current trading year in the absence of restraints generated a good after-hours demand for Boots which closed 10 higher at 201p, after 202p. Other miscellaneous Industrial leaders, which had earlier drifted quietly lower, also tended to perk up. Beecham rallied from 628p to close 2 harder on balance at 635p, while Glaxo ended unchanged at the overnight level of 545p, after 540p. After news of U.S. approval of Unilever's acquisition of National Starch, Unilever reacted to 508p before rallying to close unaltered at 514p. Elsewhere, Aaronson Bros. moved up 4 to 71p, after 72p, following a bear squeeze and further buying in a thin market left London Pavilion up 10 more at 680p. Braby Leslie added 3 to 98p in response to the higher profits and proposed 20 per cent scrip-issue. Renewed speculative buying on bid hopes helped Pauls and Whites to improve 4 to 114p. Chubb lost a further 5 to 118p after comment on the disappointing second-half performance.

Although Motors and Distributors closed with the occasional small fall, the undertone remained firm. Abbey Panels were dull at 54p, down 4, while small offerings clipped 2 from Fodens at 55p and 3 from York Trailer at 57p. CGSB finished a shade off at 21p on further consideration of the interim report. Among the leaders, Lucas Industries rebounded from 296p to close a net 5 better at 302p.

Leading Oils quiet

American interest prompted a recovery in British Petroleum to the overnight level of 840p, after 834p, while Shell traded quietly and drifted 3 easier to 542p. The substantial turnround from loss to profit prompted interest in Premier Consolidated, which closed fractionally better at 16¾p after 17p and, in belated response to the chairman's confident remarks in the annual statement, Century put on 2 to 61p. Speculative favourite Siebens (UK) jumped 18 to 358p following late demand.

Sime Darby, still on Far Eastern demand, rose 7 to 104p for a two-day gain of 13. Other notably firm Overseas Traders included Paterson Zochonis, 5 up at 175p, and Harrison and Crosfield, 13 to the good at 475p.

Significant movements in Investment Trusts were restricted to overseas issues. Selected Risk Investment improved 15 to 440p, while Robeco and Rolinco put on ¾ apiece at £62½ and £48 respectively. Haw Par, where the Singapore United Overseas Bank recently increased its shareholding, hardened 2 to 1978 peak of 48p in Financials. Suez Finance moved up 2½ points to £44½ in response to overseas advices.

Rubbers took the recent market re-rating a stage further as London investors took more interest following renewed buying in the Far East. Guthrie again featured with a rise of 15 to 325p for a rise of 53 on the week so far amid vague talk of imminent developments, while London Sumatra advanced 5 to 155p on the optimistic tenor of the chairman's statement. Gains of around 3 were seen in Plantation Holdings, 77p, and Kulim, 59½p, while HME were raised 9 to 109p.

Golds firmer

The higher investment currency premium was the main influence in a firm South African Gold share market where business was minimal reflecting the bullion price; the latter was finally $1 easier at $184.375 per ounce.

In dollar terms, share prices were virtually unchanged but cum-premium improvements were sufficient to lift the Gold Mines index by 1.8 more to 162.4 for a two-day rise of 4.8.

Gains in the heavyweights ranged up to ⅜ as in Randfontein at £34, while West Driefontein put on ⅜ to £21, and Western Holdings ¼ to £19½.

In the lower-priced issues, improvements of between 7 and 10 were common to Kinross, 377p, Blyvoor, 328p, Stilfontein, 275p, and Southvaal, 500p.

South African Financials lacked a decided trend but continuing London and Cape interest lifted Anglo American 3 more to 325p and Anglo-Vaal 20 to 770p. UC Investments were finally a penny harder at 236p after a year's high of 240p.

London-registered Financials tended to drift in subdued trading but Gold Fields were an exception with a rise of 3 to 171p following Press mention of a broker's bullish circular.

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Australians were featured by a burst of speculative buying of the UK registered Hampton Areas which advanced 12 to 136p. Otherwise, Australians were generally idle in front of the end of the down-under tax year.

Tins, particularly the Malaysian-domiciled issues, moved ahead strongly with the majority of stocks attaining new 1978 highs.

Prices were buoyed by a demand for Malaysian stocks in general, especially Rubbers. Killinghall led the way with an improvement of 20 to 510p, while rises of 10 were common to Malayan Tin, 410p, Petaling, 225p and Southern Kinta, 220p.

Elsewhere, continuing rumours of a gold strike beneath the antimony ore-body prompted further buying of Cons. Murchison, which added 10 more at 270p.

FINANCIAL TIMES STOCK INDICES

	June 29	June 28	June 27	June 26	June 23	June 22	A year ago
Government Secs.	69.25	69.01	69.25	68.88	69.21	69.69	[illegible]
Fixed Interest	71.24	71.15	71.23	71.07	71.62	71.93	[illegible]
Industrial Ordinary	457.3	455.3	456.3	453.0	456.5	452.7	[illegible]
Gold Mines	162.4	160.6	157.6	158.1	161.3	161.0	[illegible]
Ord. Div. Yield	5.80	5.83	5.81	5.84	5.79	5.84	[illegible]
Earnings Yld% (full)	17.59	17.68	17.63	16.88	16.74	16.86	[illegible]
P/E Ratio (net) (*)	7.56	7.52	7.54	7.94	8.01	7.94	[illegible]
Dealings marked	4,345	4,018	4,470	4,394	4,436	4,898	[illegible]
Equity turnover £m.	—	66.85	57.37	61.07	91.94	85.59	[illegible]
Equity bargains total	—	13,306	13,156	13,705	16,593	14,513	[illegible]

10 am 455.9. 11 am 452.6. Noon 455.4. 1 pm 455.2. 2 pm 455.3. 3 pm 455.6. Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=7.48.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (3/1)	68.79 (15/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.75 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (4/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.6 (5/3)	130.3 (5/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	June 29	June 28
—Daily Gilt-Edged	157.6	[illegible]
Industries	141.6	[illegible]
Speculative	37.0	[illegible]
Totals	99.0	[illegible]
5-day Av'rage Gilt-Edged	149.1	[illegible]
Industrials	144.5	[illegible]
Speculative	42.7	[illegible]
Totals	98.6	[illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high
Shell Transport	25p	11	542	−3	586
BATs Defd.	25p	10	268	−3	296
ICI	£1	10	371	+3	396
GUS "A"	25p	8	264	—	312
Grand Met.	50p	7	104	—	117½
Imperial Group	25p	7	76	—	81
Leigh Ints. "New"	Nil/pd.	7	17pm	+2	21pm
MFI Furniture	10p	7	94	−8	102
Marks & Spencer	25p	7	140	—	160
Reckitt & Colman	50p	7	460	−5	485
Allied Breweries	25p	6	83	+1	94
BP	£1	6	840	—	892
Cableform	5p	6	72	+4	79
Courtaulds	25p	6	111	−1	131
ICL	£1	6	294	—	302

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (44)

CANADIANS (1) Hollinger

BUILDINGS (2) Helical Bar, Westbrick Prods.

DRAPERY AND STORES (4) Bremner, Dewhirst, Ladies Pride, Samuel (H.) "A"

ELECTRICALS (3) Electrocomponents, Energy Services, Highland Elect.

ENGINEERING (3) Brown (John), Clayton, Son, Warwick Eng.

INDUSTRIALS (1) Aaronson Bros.

SHOES (1) Headlam, Sims

TEXTILES (3) Hickings Pentecost, Sekers Intl., Toray

TRUSTS (2) Equity Consort Defd., Haw Par

OILS (1) Century

OVERSEAS TRADERS (2) Bousted, Sime Darby

RUBBERS (8) Bird (Africa), Chersonese, Harrisons Malay. Est., Highlands, Kuala Kepong, Kulim, Malakoff, Plantation Hldgs.

MINES (12) Jokai, E.R.G.O., Elandsrand, Killinghall, Ayer Hitam, Berjuntai, Gopeng Cons., Malay Dredg., Petaling, Southern Kin., Southern Ma.

NEW LOWS (25)

BRITISH FUNDS (1) Treasury 3pc 1982

CORPORATION LOANS (2) B'ham 9½pc '79-81, Bristol 7½pc

DRAPERY AND STORES (1) Martin The Newsagent

ELECTRICALS (2) Emi 8½pc Conv. 1981, Thorn Elect.

ENGINEERING (4) Barrow (C. H.), B.S.G., Bristol Channel

FOODS (1) Brooke Bond Liebig

INSURANCES (1) Pearl

PROPERTY (4) Centrovincial, Do. Cap., Second City, Town and City

SHIPPING (5) Common Bros., Lyle Shipping, Ocean Transport, P & O Defd., Reardon Smith

TEXTILES (2) Carrington Viyella, Lovex

OILS (1) CCP North Sea

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	69	1	7
Corpns. Dominion and Foreign Bonds	10	9	46
Industrials	284	306	949
Financial and Prop.	72	98	349
Oils	8	7	19
Plantations	16	1	15
Mines	61	25	42
Recent Issues	4	14	32
Totals	524	459	1,459

FOOD PRICE MOVEMENTS

	June 29 £	Week ago £	Month ago £
BACON			
Danish A1 per ton	1,090	1,090	1,090
British A1 per ton	1,075	1,075	1,075
Irish Special per ton	1,065	1,065	1,065
Ulster A1 per ton§	1,065	1,065	1,065
BUTTER			
NZ per 20 kg	12.51/12.62	12.51/12.62	11.41/11.52
English per cwt†	71.85/72.95	71.85	66.91
Danish salted per cwt†	73.98/76.72	73.98/75.44	71.50/75.88
CHEESE§			
NZ per tonne	1,161.50	1,161.50	1,161.50
English cheddar trade per tonne	1,164.30	1,164.30	1,202.10
EGGS*			
Home-produce:			
Size 4	2.30/2.80	2.25/3.00	—
Size 2	3.90/4.60	3.80/4.70	—
	June 29 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	56.0/59.0	56.0/59.0	54.0/57.0
Eire forequarters	33.0/36.0	33.0/36.0	30.0/35.0
LAMB			
English	60.0/62.0	60.0/66.0	64.0/70.0
NZ PLs-PMs	53.0/54.0	51.5/53.0	50.0/52.0
MUTTON—English ewes	—	—	—
PORK (all weights)	35.0/44.0	35.0/44.0	36.0/45.0
POULTRY—Broiler chickens	36.0/39.0	36.5/39.0	35.5/37.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. § For delivery July 2-9.

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jun. 20	July 3	Sep. 14	Sep. 26
July 4	July 17	Sep. 28	Oct. 10
July 18	July 31	Oct. 12	Oct. 24

For rate indications see end of Share Information Service

Stocks favoured for the call were Town and City Properties, Westland, Premier Consolidated Oil, Fitch Lovell, Thomson Organisation, English Property, London and Northern, Pacific Copper, Dawson International, Burmah Oil, Group Lotus and Hampton Areas. Puts were done in Ocean Transport and Taverner Rutledge, while doubles were arranged in Lonrho, Westland, William Whittingham, Royco, Dawson International, English Property and Burmah Oil.

LONDON TRADED OPTIONS

Option	Exercise price	July Closing offer	July Vol.	October Closing offer	October Vol.	January Closing offer	January Vol.	Equity close
BP	750	97	2	112	—	133	—	840p
BP	800	46	—	71	—	83	—	
BP	850	9	—	36	3	63	—	
BP	900	3	—	19	—	45	—	
Com. Union	140	5	5	15	5	17	—	142p
Com. Union	160	[illegible]	—	5½	6	9	—	
Cons. Gold	160	12	5	21	—	24	—	171p
Cons. Gold	180	1½	—	9	3	15	—	
Courtaulds	100	15	15	18	—	19	—	112p
Courtaulds	110	5½	—	11	1	13½	—	
Courtaulds	120	1	—	5	—	8	—	
Courtaulds	130	[illegible]	—	3	25	5	—	
GEC	220	40	—	46	5	53	—	257p
GEC	240	20	5	29	—	39	12	
GEC	260	8	5	19	6	27	—	
GEC	280	2	—	10	2	18	—	
Grand Met.	100	6	5	10	8	15	5	104p
Grand Met.	110	1	—	5	4	9	—	
Grand Met.	120	[illegible]	—	2	5	6	2	
ICI	350	42	28	50	4	54	7	370p
ICI	360	15	10	24	5	34	1	
ICI	390	3	10	11	—	20	2	
ICI	420	1	—	5	—	11	—	
Land Secs.	180	24	—	27	5	31	—	202p
Land Secs.	200	6	—	13	5	17	—	
Land Secs.	220	1	—	5	—	9	—	
Marks & Sp.	120	21	15	25	—	29	—	141p
Marks & Sp.	130	11	4	10	25	12	—	
Marks & Sp.	140	3	10	9	21	15	8	
Shell	500	45	—	62	5	70	—	543p
Shell	550	9	2	25	10	42	—	
Shell	600	1	2	10	15	20	1	
Total			134		163		57	

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+or−	Div.	Times Covered	Gross Yield	P/E Ratio
70	F.P.	30/6	87	80	Bennett (A.D.)	85		4.5	4.1	8.0	4.5
140	F.P.	5/7	162	142	Kunzlethrn	162		3.64	3.0	2.5	15.4
34	F.P.	—	34	32	Thames Plywood	34	+1	2.0	3.8	8.9	7.4

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+or−
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+or−
45	Nil	7/7	18/8	[illegible]	British Tar Products	9pm	−1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. q Gross. r Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. †† Minimum tender price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. |||| Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS / GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur., June 29, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net) Corp. Tax 52%	Wed. June 28 Index No.	Tues. June 27 Index No.	Mon. June 26 Index No.	Fri. June 23 Index No.
1	CAPITAL GOODS (172)	208.08	+0.1	18.26	5.81	7.61	207.83	206.89	204.51	208.64
2	Building Materials (28)	184.95	—	19.02	5.91	7.42	185.01	184.93	184.32	186.95
3	Contracting, Construction (27)	335.29	—	20.74	4.09	7.01	335.42	332.77	330.40	332.93
4	Electricals (15)	446.46	+0.8	15.41	4.09	9.20	442.76	437.93	437.18	443.25
5	Engineering Contractors (14)	307.53	−0.1	19.51	6.64	6.82	307.85	306.15	304.96	308.73
6	Mechanical Engineering (72)	166.49	−0.3	19.39	6.42	6.99	167.07	166.98	166.75	167.90
8	Metals and Metal Forming (16)	160.04	+0.2	17.94	8.79	7.60	159.79	159.31	159.94	161.02
11	CONSUMER GOODS (DURABLE) (52)	190.86	−0.4	17.81	5.05	7.89	191.63	190.85	190.79	192.63
12	Lt. Electronics, Radio TV (15)	223.56	−0.7	16.20	3.86	8.70	225.03	224.21	225.35	227.66
13	Household Goods (12)	171.88	−0.3	16.99	6.57	8.13	172.36	171.68	172.73	173.42
14	Motors and Distributors (25)	121.61	−0.1	20.40	6.47	6.89	121.68	121.09	119.90	121.10
21	CONSUMER GOODS (NON-DURABLE) (174)	195.12	+0.1	16.56	6.01	8.19	194.94	194.39	193.54	195.51
22	Breweries (14)	220.10	+0.5	15.50	6.14	9.18	218.99	219.69	217.54	219.71
23	Wines and Spirits (6)	248.70	+0.6	16.26	5.79	9.33	247.34	246.96	243.36	246.82
24	Entertainment, Catering (17)	247.08	−0.3	15.81	6.91	9.17	247.86	244.39	242.74	243.49
25	Food Manufacturing (21)	190.16	−0.2	20.28	5.86	6.55	190.50	190.60	189.53	191.75
26	Food Retailing (15)	196.94	−0.4	14.77	5.14	9.39	197.77	196.68	196.07	197.67
32	Newspapers, Publishing (13)	373.57	−0.1	10.69	3.32	13.34	373.78	357.37	353.23	358.47
33	Packaging and Paper (15)	130.78	−0.1	20.13	8.14	6.56	130.86	131.16	132.01	134.09
34	Stores (39)	176.12	+0.7	11.91	4.63	12.34	174.86	174.74	172.93	174.46
35	Textiles (25)	168.32	−1.0	19.65	8.22	6.62	169.95	170.69	170.69	172.90
36	Tobaccos (3)	238.19	−0.3	23.21	7.86	5.12	238.87	238.47	242.25	244.84
37	Toys and Games (6)	105.76	−0.5	19.23	5.90	6.35	106.29	104.74	104.38	104.17
41	OTHER GROUPS (97)	191.86	—	16.67	5.96	7.88	191.95	192.22	190.61	192.42
42	Chemicals (19)	276.39	+0.5	17.91	6.32	7.58	275.05	276.55	272.92	275.40
43	Pharmaceutical Products (7)	249.08	−0.1	11.86	4.12	10.53	249.30	250.83	248.48	251.72
44	Office Equipment (6)	127.30	−0.5	18.82	5.10	6.29	127.91	127.47	127.23	127.92
45	Shipping (10)	410.19	−0.6	17.51	7.47	7.02	412.57	412.50	411.95	414.60
46	Miscellaneous (55)	197.78	−0.4	17.78	6.63	7.57	198.65	197.66	196.66	198.49
49	INDUSTRIAL GROUP (495)	203.87	—	17.09	5.88	7.94	203.81	203.35	202.44	204.46
51	Oils (5)	478.03	−0.3	15.44	4.13	7.02	479.27	480.42	478.36	483.19
59	500 SHARE INDEX	226.57	—	16.84	5.61	7.78	226.61	226.27	225.25	227.51
61	FINANCIAL GROUP (100)	156.24	−0.2	—	6.07	—	156.51	156.95	156.06	157.27
62	Banks (6)	178.45	+0.3	26.52	6.29	5.71	177.92	177.14	176.66	177.02
63	Discount Houses (10)	202.55	—	—	8.54	—	202.55	203.08	201.78	205.14
64	Hire Purchase (5)	137.92	−0.2	14.17	5.95	10.45	138.14	139.26	140.14	139.80
65	Insurance (Life) (10)	127.92	−0.1	—	7.12	—	128.07	128.88	127.86	129.37
66	Insurance (Composite) (7)	119.96	—	—	7.11	—	119.94	121.55	120.34	121.29
67	Insurance Brokers (10)	321.31	−1.9	14.67	4.88	9.77	327.54	326.31	318.40	323.59
68	Merchant Banks (14)	76.90	−0.6	—	6.46	—	77.37	77.83	78.45	79.35
69	Property (31)	224.63	−0.2	3.64	3.31	47.43	225.04	225.11	225.17	227.51
70	Miscellaneous (7)	103.23	−0.5	24.60	8.09	5.29	103.75	103.18	103.43	103.80
71	Investment Trusts (50)	206.55	−0.1	3.30	4.81	30.33	206.68	205.87	205.89	208.65
81	Mining Finance (4)	96.25	−0.1	17.96	7.23	6.72	96.38	96.24	97.25	98.69
91	Overseas Traders (19)	306.67	+1.2	17.19	6.97	7.15	303.04	301.10	300.62	303.80
99	ALL-SHARE INDEX (673)	208.50	—	—	5.71	—	208.55	208.33	207.47	209.53

FIXED INTEREST PRICE INDICES

	British Government	Thur. June 29	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	104.08	+0.21	—	4.73
2	5-15 years	112.71	+0.25	—	5.95
3	Over 15 years	118.75	+0.37	—	7.02
4	Irredeemables	121.42	+0.60	—	7.24
5	All stocks	111.34	+0.29	—	5.83

FIXED INTEREST YIELDS

	Br. Govt. Av. Gross Red.		Thur. June 29	Wed. June 28
1	Low	5 years	8.97	8.98
2	Coupons	15 years	11.13	11.15
3		25 years	11.86	11.91
4	Medium	5 years	11.71	11.79
5	Coupons	15 years	12.38	12.38
6		25 years	12.42	12.43
7	High	5 years	11.81	11.90
8	Coupons	15 years	12.83	12.88
9		25 years	13.04	13.10
10	Irredeemables		12.16	12.15

		Thurs., June 29 Index No.	Yield %	Wed. June 28	Tuesday June 27	Monday June 26	Friday June 23	Thurs. June 22	Wed. June 21	Tues. June 20
15	20-yr. Red. Deb & Loans (15)	57.19	12.98	57.25	57.54	57.40	57.43	57.29	57.3	[illegible]
16	Investment Trust Prefs. (15)	51.29	13.80	51.38	51.38	51.34	51.52	51.68	52.18	52.5
17	Coml. and Indl. Prefs. (20)	70.59	13.11	70.62	70.69	70.64	70.56	70.53	71.17	71.

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Henderson Baring Fund Mgrs. Ltd.
P.O. Box N4723, Nassau, Bahamas
Japan Fd. .... |SUS19.20 | 20.2| +0.24 | —
Prices on June 28. Next dealing date July 5.

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., Peter Port Guernsey, C.I.
Guernsey Tst. .... |144.1 | 154.2| −1.1 | 3.63

Hill Samuel Overseas Fund S.A.
37, Rue Notre-Dame, Luxembourg
|SUS18.54 | 19.2| +0.04 | —

International Pacific Inv. Mngt. Ltd.
PO Box R237, 56, Pitt St. Sydney, Aust.
Javelin Equity Tst. |$A2.07 | 2.18| ...... | —

J.E.T. Managers (Jersey) Ltd.
PO Box 194, Royal Tst. Hse., Jersey 0534 27441
Jersey Extrnl. Tst. |163.0 | 173.0| ...... | —
As at May 31. Next sub. day June 30.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	SHK254.36	......	2.80
Jardine J'pn. Fd.*	SHK231.15	......	1.00
Jardine S.E.A.	SUS16.24	......	1.90
Jardine Flem. Int.	SHK9.70	......	—

NAV June 15. *Equivalent SUS71.06.
Next sub. June 30.

Keyselex Mngt., Jersey Ltd.
PO Box 98, St. Helier, Jersey. (Eng. 01-606 7070)

Fonselex	Frs1,457	1,540	....	2.5
Bondselex	Frs121.90	125.00	....	—
Keyselex Int'l	£6.62	7.43	....	—
Keyselex Europe	£3.91	4.41	−0.05	3.74
Japan Gth. Fund	SUS26.16	28.07	−0.96	—
Keyselex Japan	£12.74	13.92	....	—
Cent. Assets Cap.	£134.03		−0.01	......

Utd. Intnl. Mngmnt. (C.I.) Ltd.
14, Mulcaster Street, St. Helier, Jersey.
U.I.B. Fund .... |SUS97.76 | 102.06| ...... | 8.2

United States Tst. Intl. Adv. Co.
14, Rue Aldringer, Luxembourg.
U.S. Tst. Inv. Fnd. | US$10.26 | +0.04 | 0.9
Net asset June 28.

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2. 01-600 4555

Cnv. Bd. June 28	US$9.56	−0.01	—
Eng. Int. June 28	US$17.52d	+0.29	—
Gr. St. $Fd. May 31	SUS7.09	.....	—
Mr. Eur. June 28	US$10.34	−0.01	—

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. May 25	SUS12.32	12.64	....	—
CMT Ltd. May 25	£12.58	12.90	....	—
Metals Tst. June 16.	£12.17	12.47	....	—
TMT June 8	SUS10.57	10.85	....	—
TMT Ltd. June 8	£10.68	10.55	....	—

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg.
Worldwide Gth Fd | US$14.25 | +0.06 | —

NOTES

Prices do not include $ premium, except where indicated $, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. § Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 454-459

INSURANCE BASE RATES

† Property Growth 9½%
† Vanbrugh Guaranteed 9.37%
† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99⅝	98⅝	Exch 5pc '76-78††	98⅞	+1/32	5.05	9.24
105⅛	101½	Treasury 11½pc '79‡‡	101⅞	+3/32	11.35	9.40
97	94¼	Treasury 3pc '79‡‡	95½		3.14	6.89
97⅜	95½	Electric 4½pc '74-79	95¾	+⅛	4.44	7.87
104	99⅞	Treasury 10½pc '79‡‡	100	+⅛	10.50	10.42
96½	94¾	Electric 3½pc '76-79	95¼	......	3.65	6.76
103	96¼	Treasury 9pc 1980‡‡	96	+⅛	9.28	11.01
102	97⅜	Treasury 9½pc '80‡‡	97½	+⅛	9.74	10.98
95½	92½	Treasury 3½pc '77-80	93⅛	+⅛	3.76	7.33
96½	93¼	Funding 5¼pc '78-80‡‡	93½	+¼	5.61	8.93
110¼	103	Exchequer 13pc 1980‡‡	103	+3/16	12.55	11.22
106¼	99	Treasury 11½pc 1981‡‡	100xd	−¼	11.45	11.29
91½	88¼	Treasury 3½pc 1979-81	89	+⅛	3.93	8.23
101¼	95½	Treasury 9¾pc 1981‡‡	96	+¼	10.16	11.45
97	91⅞	Exch 8¼pc 1981	92½	+¼	8.92	11.30
100¼	94¼	Exch 9½pc 1981	94½xd	+⅛	10.03	11.59
87	85⅝	Exch 3pc 1981	86		3.49	8.14
97	95¼	Treas Variable '81‡‡	95¼		10.19	10.92
111	102¼	Exch 12¾pc 1981‡‡	103	+¼	12.38	11.62
99½	91½	Treas 8½pc '80-82‡‡	91½xd	+¼	9.27	11.41
86	83	Treasury 3pc '82‡‡	83	−⅛	3.61	8.54
115⅞	106½	Treasury 14pc '82‡‡	106	+¼	13.09	11.61
96⅛	94½	Treas Variable '82‡‡	94¾		10.29	11.43
96	89⅝	Treasury 8¼pc '82	90½xd	−⅛	9.13	11.30
100¼	91½	Exch. 9¼pc 1982	91¼	−⅛	10.08	11.75
94¼	91½	Exch. 9¼pc 1982 A	91¼	+3/16	10.08	11.77
96	89	Exch. 8¾pc 1983	90xd	+1/16	9.72	11.65
85¼	79½	Exch 3pc '83	79⅝		3.78	8.45
114¼	100⅝	Treasury 12pc 1983‡‡	101	+¼	11.88	11.69
		Five to Fifteen Years				
100⅛	89½	Treasury 9¼pc '83	89⅝xd	...	10.24	11.86
15	13¼	Exch. 10pc 1983 £15pd	13⅝	+⅛	10.69	11.63
89½	80¾	Funding 5½pc '82-84‡‡	81⅛xd	+⅛	6.76	9.96
96⅞	86½	Treasury 8½pc '84-86‡‡	86⅞xd	−⅛	9.76	10.96
87½	77¼	Funding 6½pc '85-87‡‡	78⅛	+⅛	8.41	10.50
89⅞	79¼	Treasury 7¾pc '85-88‡‡	79¼xd	+⅛	9.65	11.15
69	60⅛	Transport 3pc '78-88	62xd	+½	4.84	8.79
75⅞	64¼	Treasury 5pc '86-89	65⅞	−⅛	7.71	10.34
115¼	101⅞	Treasury 13pc 1990‡‡	102¾xd	+⅜	12.63	12.51
89⅜	77½	Treasury 8¼ '87-90‡‡	78¾	+⅛	10.52	11.63
106½	92½	Treasury 11¾pc 1991	94⅛xd	+⅜	12.44	12.64
75½	63⅜	Funding 5¾pc '87-91‡‡	65½	+⅛	9.02	11.13
112½	98½	Treasury 12¾pc '92‡‡	99¼xd	+⅜	12.75	12.75
96⅛	85½	Treasury 10pc 1992	87½	+⅜	11.91	12.46
113	98¾	Exch. 12¼pc '92	100⅝	+⅜	12.70	12.80
		Over Fifteen Years				
110⅝	96½	Treasury 12½pc '93‡‡	97⅝xd	+⅜	12.74	12.79
72⅜	60¾	Funding 6pc 1993‡‡	62¾	+⅛	9.90	11.54
120¼	104½	Treasury 13¾pc 1993‡‡	106¾	+⅜	13.06	12.93
128⅞	112⅞	Treasury 14½pc '94‡‡	114⅞	+⅜	13.17	12.97
114⅛	99⅝	Exch 12½pc 1994	101¾	+⅜	12.84	12.89
89⅞	76¾	Treasury 9pc '94‡‡	78⅝	+¼	11.61	12.18
106¼	93	Treasury 12pc '95	95⅜xd	+½	12.67	12.78
51⅞	43½	Gas 3pc '90-95	43¼	+⅛	6.94	10.06
95	82¾	Exch 10¼pc 1995	83½xd	+⅜	12.19	12.54
114⅛	98⅝	Treasury 12¾pc '95‡‡	100⅞	+⅜	12.84	12.84
90½	76⅞	Treasury 9pc '92-96‡‡	78⅛	+¼	11.81	12.32
131½	114½	Treasury 15¼pc '96‡‡	117⅛	+⅜	13.30	13.09
117⅛	101⅞	Exchequer 13¼pc '96‡‡	104⅛	+⅜	12.93	12.88
50	42¼	Redemption 3pc 1986-96	42⅞	+⅛	7.12	9.92
115¼	100⅞	Treasury 13¼pc '97‡‡	101⅞xd	+⅜	12.94	12.90
98⅛	86	Exchequer 10½pc 1997	88⅛	+⅜	12.40	12.65
88¼	74⅞	Treasury 8¾pc 1997‡‡	76⅜	+⅛	11.87	12.34
72¼	60	Treasury 6¾pc '95-98‡‡	61	+¼	11.27	12.13
135⅛	118¼	Treas 15½pc '98‡‡	120¾	+⅜	13.27	13.08
96¼	93⅛	Exch 12pc 1998	95⅛	+⅜	12.76	12.82
90½	77⅛	Treasury 9½pc 1999‡‡	78xd	+⅛	12.12	12.43
96¼	83⅞	Treasury 10½pc 1999	85⅛	+⅜	12.48	12.66
42½	34⅞	Funding 3½pc '99-04	35¼xd	+⅛	9.89	11.17
80⅛	67½	Treasury 8pc '02-06‡‡	67⅛	+⅛	12.12	12.33
56⅞	47⅞	Treasury 5½pc '08-12‡‡	47⅞	+⅛	11.91	12.15
76⅛	62½	Treasury 7¾pc '12-15‡‡	62⅞xd	+¼	12.22	12.31
45	42½	Exch 12pc '13-'17 £15pd	43½	+⅜	12.71	12.72
		Undated				
37⅞	30⅛	Consols 4pc	31⅛xd	+¼	12.71	—
37⅞	29¼	War Loan 3½pc‡‡	29½	+¼	11.98	—
39¼	33	Conv. 3½pc '61 Aft	34	+¼	10.56	—
28⅜	23⅝	Treasury 3pc '66 Aft	24⅛	+¼	12.81	—
24⅛	19¾	Consols 2½pc	20xd	+⅛	12.48	—
24	19¾	Treasury 2½pc	20	+⅛	12.90	—

**INTERNATIONAL BANK

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
88	82½	5pc Stock '77-82	84½	+½	5.92	9.62

**CORPORATION LOANS

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
98¾	93¾	Birm'ham 9¾pc '79-81	93¾	−⅛	9.86	11.69
94¼	89½	Bristol 7¾pc '79-81	89½	−⅛	8.66	12.58
107	100¼	G.L.C. 12½pc '82	100⅞	−⅛	12.41	12.23
112	102¾	Do 12½pc 1983	105	+½	12.46	12.41
97¼	90¼	Glasgow 9¼pc '80-82	90¼	......	10.31	12.35
93	90¼	Herts. 5½pc '78-80	91	......	5.77	10.58
99½	97⅛	Liverpool 5¾pc '76-78	98½	......	5.83	10.59
102½	90½	Do. 9¾pc '80-84	93½	......	10.56	11.56
29¼	25¼	Do. 3½pc Irred	26½	......	13.53	—
100⅛	99	Lon. Corp 6½pc '75-78	99¾	......	6.54	11.18
99¾	91	Do 9¼pc '84-85	93	......	10.19	11.11
97¼	94¾	L.C.C. 6pc '76-79	95	......	6.32	10.66
92½	85	Do 5½pc '77-81	85	......	6.51	11.36
87½	76½	Do 5½pc '82-84	78xd	+½	7.03	10.43
69	65¾	Do 5½pc '85-87	68	......	8.12	11.31
76	66	Do 6¾pc '88-90	66½xd	......	10.12	12.05
26½	22½	Do 3pc '20 Aft	23	......	13.38	—
93¾	91	Middx 5¾pc 1980	91	......	5.76	11.09
97½	95¼	Newcastle 9¼pc '78-80	95¼	......	9.71	11.71
106¾	101	Warwick 12½% 1980	101	......	12.38	11.92

COMMONWEALTH & AFRICAN LOANS

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
100⅞	95⅛	**Aust 5½pc '75-78	100	+⅛	5.57	10.35
95¾	92½	**Do. 5½pc '77-80	92¾	......	5.93	10.72
88¼	82¾	**Do. 5½pc '81-82	83¾	......	6.67	11.33
99¼	96¼	**N.Z. 4pc 1976-78	97¾	+⅛	4.12	10.38
96½	92⅞	**Do. 6pc '76-80	94	+¼	6.52	11.34
87⅛	81⅞	**Do. 7½pc '83-86	82¼	−¼	9.14	10.92
95½	91	Sth. Africa 9½pc '79-81	94¼	......	10.24	12.15
70	50	Sth. Rhod. 2½pc '65-70	50	......	—	—
96	80	Do. 6pc '78-81	80	......	—	—

LOANS

Public Board and Ind.

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
64½	58½	Agric. Mt. 5pc '59-89	59	......	8.46	11.70
90½	80¾	Alcan 10½pc '89-94	81xd	......	12.96	13.40
33¼	28½	Met. Wtr. 3pc 'B'	28½	−¼	10.79	12.48
139	107	U.S.M.C. 9pc 1982	131xd	......	6.87	—
95½	88	Do. without Warrants	88xd	......	10.17	12.60

Financial

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
107¼	101	**FFI 13pc '81	101	−½	12.87	12.50
110	102	Do 14pc '79	104½	+½	13.83	13.10
114½	102½	Do 14pc '83	103½xd	−½	13.56	13.14
85	79½	ICFC 5½pc Deb '80-82	81½	......	6.90	11.30
81½	75¼	Do 6¼pc Db '81-84	76½	......	8.27	11.75
99	89½	Do. 10½pc Uns Ln. '86	91½	−½	12.17	13.20
99¼	90½	Do 11pc Uns Ln '88	92	−½	12.72	13.40
101½	90½	Do 11¾pc Uns Ln '90	93	−¾	13.49	13.90
71½	62½	Do 7¼pcA Deb '89-92	62½xd	......	11.60	13.10
71½	62	Do. 7¾pcA Db. '91-94	63	......	11.91	13.15
84½	73¾	Do. 9pc 'A' '91-94	75	+½	12.47	13.20
81¼	70½	Do. 3½pc Ln. '92-97	71½	......	13.10	13.70

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
20½	17	Antofagasta Rly.	20½	......	—	—
54½	33	Do. 5pc Pref	34½xd	...	—	—
98	98	Chilean Mixed	98		3	f3.10
415	350	German Yng. 4½pc	405xd		4½	—
54	46	Greek 7pc Ass	54	...	3½	f6.48
51	46	Do 6pc '28 Stab. Ass.	51	...	6	f6.00
44	40	Do 4pc Mixed Ass.	43	...	4	f4.76
55	42	Hung. '24 Ass.	55	...	4½	5.00
77	65	Iceland 6½pc '83-88	65xd	...	—	12.60

BONDS & RAILS—Cont.

1978 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
88	82½	Ireland 7¾pc '81-83	82½xd	....	7¾	12.17
91	79	Do 9¾pc '91-96	80¾	+½	9¾	12.97
375	265	Japan 4pc '10 Ass	365xd	..	—	—
87	70	Do 6pc '83-88	71½	....	6	11.10
160	140	Peru Ass 3pc	140		3	2.16
75p	75p	S.G.I. 6½pc 1980	75p	...	6½	8.67
$99	$94½	Turin 9pc 1991	$94½	....	9	9.52
DM91	DM81	Turin 6½pc 1984	DM91	......	6½	10.70
97	94	Uruguay 3½pc	97	......	3½	3.80

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

1978 High	Low	Stock	£	+ or −	Div. Gross	Cvr	Y'ld Gr's
17⅜	13½	ASA	17	+⅜	80c	—	2.6
60½	60½	AMF 5% Conv. '87	60½		5%	—	—
31	22	Amax $1	27	+⅝	$1.75	—	3.6
32	21¾	American Express	29¼	+¾	$1.40	—	2.7
33½	11	Amer. Medic. Int.	21½	+⅝	30c	—	0.8
15⅝	969p	Asarco Inc.	11⅝	......	40c	—	1.9
29¾	18¾	Baker Intnl. Corp. $1	21⅞xc	+⅞	64c	—	1.7
19¾	11⅞	Barnes Grp. $6⅔	17½xd	+⅛	90c	—	2.9
32⅞	22	Bendix Corp. $5	30¼xd	+¼	$2.28	—	4.3
23½	13	Beth. Steel $8	18½xd	+¼	$1.00	—	3.1
11½	625p	Brown & Fer. c16⅔	10¾xd	−⅜	40c	—	2.1
13½	857p	Brunswick Corpn.‖	12¼	+½	70c	—	3.2
65	41⅞	Burroughs Corp. $5	59	+¾	$1.00	—	1.0
48	30½	CBS $2.50	43⅞	+⅞	$2.40	—	3.1
42½	28¼	C.P.C. $¼	42	+¾	$2.50	—	3.3
48⅞	32¼	Caterpillar‖	45⅞	+1½	$1.80	—	2.2
27¾	17⅞	Chase M'htn. $12.5	25	+1	$2.20	—	5.0
22	13⅝	Chesebrough $1	20xd	+⅛	94c	—	2.6
11	765p	Chrysler $6¼	881p	+28	$1.00	—	6.4
21¼	13½	Citicorp $4	19½xd	−⅛	£1	—	3.1
14	733p	City Inv. $1.25	12⅝	+⅛	$1.00	—	4.5
25	14⅜	Do. Cm. Prf. B $1	21	+½	$2	—	5.4
18¾	12¾	Colgate-P. $1	17⅛	+⅝	$1.00	—	3.3
47⅞	29	Colt Inds. $1	44xd	+1¼	$3.15	—	4.0
26	15½	Cont. Illinois $10	23⅛	+⅝	$1.32	—	3.3
25⅝	17	Cont. Oil $5	21⅝	+¾	$1.40	—	3.6
28	20⅛	Crown Zell. $5	25¼	+½	$1.90	—	4.2
47⅛	20½	Cutler-Hammer $5	47⅛	+1	‡$1.40	—	1.7
32½	22	Eaton Crp. $0.50	30⅜	+⅛	$2.25	—	4.2
26½	17¾	Esmark	25¼xd	+¾	$1.64	—	4.1
40	28¾	Exxon‖	36	+¾	$3.20	—	5.0
12¼	670p	Firestone Tire ‖	11⅝	+¼	$1.10	—	5.3
18¾	11¼	First Chicago	17xd	+⅝	$1.00	—	3.3
32⅜	20¾	Fluor Corp. $⅝	29⅞	+⅝	$1.20	—	2.2
41¾	26⅝	Ford Motor $2	38½	+¾	$3.20	—	4.7
25¼	16⅛	GATX	23xd	+½	$2.50	—	6.1
44⅝	29⅝	Gen. Elect. $2½	40⅞xd	+¾	$2.20	—	3.0
24½	15⅛	Gillette $1	23½	+⅝	$1.50	—	3.6
48	28	Honeywell $1.50	45⅝	+1½	$1.90	—	2.4
14½	750p	Hutton E.F.	12½	......	$0.68	—	3.1
224⅝	171	I.B.M. Corp. $5	214⅝	+5⅛	$11.52	—	2.6
52¼	34	Ingersoll-R $2	44¾	+⅞	$3.00	—	3.8
21¼	735p	Int. Systems & Con. $1	20⅝	+½	25c	—	0.7
976p	705p	I. U. International‖	922p	+19	90c	—	5.5
28	18	Kaiser Al $⅓	26	+½	$1.60	—	3.5
32	20	Manf. Han. US$7.50	28¾xd	+½	$2.08	—	4.2
41⅛	26⅝	Morgan (JP) US$2.5	36⅝	+1⅛	$2.20	—	3.4
17½	12	Norton Simon Inc $1	14⅞	+¼	76c	—	2.8
18⅝	13⅛	Owens-Ill. $3.125	17¼	+¼	h$1.06	—	3.5
21⅞	14⅛	Quaker Oats US$5	20xd	......	$1.04	—	2.9
27⅝	15⅛	Reliance $0.25	26½	+1½	15c	—	—
30¼	16¼	Rep. N.Y. Corp. $5	27½xd	......	$1.00	—	2.3
17¼	11	Rexnord $5	16⅛	+¼	88c	—	3.1
22¼	14⅛	Richdsn.-Mrrll. $1¼	20⅞	+⅜	90c	—	2.4
576p	255p	Saul (B. F.) $1	482p	+40	—	—	—
28⅜	18½	Shell Oil $1	25⅝	+⅜	b$1.60	—	3.5
19⅞	11⅞	Singer ($10)	16⅝	+⅜	60c	—	2.1
36¾	22⅝	Sperry Rand $0.50	34½	+1	$1.12	—	1.9
33½	18⅞	TRW Inc. $1¼	31	+1	$1.80	—	2.7
27⅛	18⅛	Tenneco	24⅞	......	$2.00	—	4.5
261	131	Do 10% Ln. Stk. 91-95	152xd	......	10%	—	f6.6
975p	505p	Tesoro Pt. US$0.16⅔	850p	+37	—	—	—
22	16⅞	Texaco $6.25	19½	+¼	$2.00	—	5.8
40	22⅞	Time Inc.	33½	+1	$1.50	—	2.6
13⅝	865p	Transamerica $1	13¼	+1¼	80c	—	3.4
38⅛	21¾	Utd. Tech. $US5	35¼xd	+¾	$2.00	—	3.2
24⅛	17¼	U.S. Steel $1	21⅞	+⅜	$1.60	—	4.1
17	11½	Woolworths $3½	15	−¼	$1.40	—	5.2
46	28⅞	Xerox Corp. $1	43¼xd	+1½	$2.00	—	2.6
975p	385p	Xonics Inc. 10c	755p	......	7½c	—	0.6
14	10⅞	Zapata Corp. 25c	13xd	+½	s30c	—	1.3

S.E. List Premium 52¼% (based on US$1.8571 per £)
Conversion factor 0.6580 (0.6698)

CANADIANS

1978 High	Low	Stock	£	+ or −	Div. Gross	Cvr	Y'ld Gr's
16⅛	10⅞	Bk. Montreal $2	16⅛	+⅜	$1.12	—	3.3
15⅜	10⅞	Bk. Nova Scot.	14¾	+⅜	96c	—	3.0
42⅞	30¾	Bell Canada $25	40⅝	+¼	$4.2	—	4.9
22⅞	12	Bow Valley‖	22	+¼	12½c	—	0.3
12⅞	825p	Brascan‖	11⅛	......	$1.10	—	4.9
21¼	14	Can. Imp. Bk. $2	20⅝	+⅜	$1.34	—	3.2
14⅛	955p	Can. Pacific $5	13	+⅛	97c	—	3.5
37½	30⅝	Do. 4pc Deb. £100	30¾	......	4%	—	13.0
21⅞	16⅜	Gulf Oil Can.‖	19¼	+⅛	$1.14	—	2.8
630p	515p	Hawker Sid. Can.‖	540p	+10	40c	—	3.5
25¼	16⅞	Hollinger $5	25¼	+1	$2.06	—	3.8
16⅜	11¼	Hudson's Bay ‖	14⅝	+¼	69c	—	2.2
32¼	24⅞	Hud. B. Oil G. $2½	31⅜	+¾	$1.60	—	2.4
14¾	11⅛	Imperial Oil‖	13¼	+⅛	86.4c	—	3.1
15⅛	945p	Inco	12⅝	−⅛	80c	—	2.9
795p	585p	Int. Nat. Gas $1	760p	+15	80c	—	5.0
10⅝	610p	Massey Ferg.‖	850p	+10	—	—	—
28½	21⅛	Pacific Pet. $1	25⅝	+½	91.6c	—	1.7
74p	50p	Place Gas $1	68p	......	—	—	—
24	15	Rio Algom	22⅛	+⅛	$1.08	—	2.2
24⅛	14⅛	Royal Bk. Can. $2	23¼	−⅛	$1.50	—	3.0
20⅛	13⅛	Seagram Co. C$1	18½xd	+⅛	92c	—	2.3
14⅛	955p	Tor. Dom. Bk. $1	14⅛	+⅛	80c	—	0.0
11⅛	680p	Trans Can. Pipe	11	+⅛	103c	—	4.4

S.E. List Premium 52¼% (based on $2.0873 per £)

BANKS AND HIRE PURCHASE

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's	P/E
300	186	ANZ $A1	285	......	¶Q18c	—	3.6	—
293	210	Alexanders D. £1	240	......	14.33	—	9.0	—
£133	£90½	Algemene Fl.100	£132½	+2½	Q23%	2.5	4.4	9.5
334	269	Allen Harvey £1	295	......	h19.2	—	9.9	—
187	150	Allied Irish	185	......	7.5	—	6.1	—
165	150	Arbuthnot L. £1	153xd	+3	10.08	—	10.0	—
£20¼	£13¼	Bank Amer. $1.565	£18⅝	+⅛	Q94c	—	2.9	—
383	315	Bk. Ireland £1	372	−6	15.00	—	6.1	—
£176½	£137	Do. 10pc Conv.	£175	......	Q10%	—	f5.8	—
21	15	Bk. Leumi I£1	18	......	Q16%	—	2.9	—
170	160	Bk. Leumi (UK) £1	160	......	7.36	1.5	7.0	14.3
572	380	Bk. N.S.W. $A2	545	......	tQ30c	—	3.4	—
315	255	Bank Scotland £1	273	......	10.89	3.6	6.0	7.0
£32¼	£21⅞	Bankers N.Y. $10	£29	+⅛	Q$3.00	—	5.9	—
358	296	Barclays £1	315	......	13.08	5.3	6.3	5.4
230	200	Brown Shipley £1	225	......	9.27	—	6.2	—
312	265	Cater Ryder £1	290	......	19.33	—	10.1	—
82	67	Clive Dis'nt 20p	74xc	......	4.78	—	10.2	—
*230	171	Com'l Aus. ($A1)	220	......	tQ16c	2.6	4.5	8.6
*£19	£12¾	Com'zbk. DM104	£18	+½	Q18%	—	2.6	—
£18¾	£15	Chgn. Hbk. Kr100	£17½	+½	Q12%	—	6.7	—
25	18	Corinthian 10p	20	......	0.7	7.3	5.3	3.5
£22½	£13½	Cred. France F75	£21¼	+¼	Q9.87%	—	3.1	—
46	7	Dawes (G.R.)	17xc	......	—	—	—	—
£123	£90	Deutsche Bank DM50	£118	+2	Q18%	—	2.0	—
83	58	F.C. Finance	67	......	2.00	2.6	4.5	12.8
3¼	1¾	First Nat. 10p	2¾	+¼	—	—	—	—
		Do. Wrrts. 75-83	⅝	......	—	—	—	—
12½	10¼	Fraser Ans. 10p	10½	......	0.03	—	0.4	—
196	157	Gerrard Natnl.	176	......	8.17	—	7.0	—
50	37	Gibbs (A.)	42	......	2.20	—	7.9	—
255	195	Gillett Bros. £1	222	......	15.18	—	10.4	—
24	19	Goode D't Mry 5p	21	......	0.13	—	0.9	—
120	96	Grindlays	98	−2	2.75	7.2	4.2	3.4
260	185	Guinness Peat	228	......	†10.0	—	6.6	—
217	158	Hambros	174	−2	19.52	—	8.3	—
100	81	Hill Samuel	83xd	−1	4.90	—	9.0	—
600	375	Do. Warrants	375	......	—	—	—	—
327	203	Hong Shng. $2.50	311	+4	hQ59c	—	2.2	—
69	52	Jessel Toynbee	56xc	...	h3.27	—	8.9	—
210	160	Joseph (Leo) £1	210	....	8.61	—	6.3	—
52	37	Keyser Ullmann	47	−1	0.66	—	2.1	—
74	56	King & Shax 20p	56	......	3.39	—	9.2	—
114	92	Kleinwort B.L.	94	−1	4.12	—	6.6	—
297	242	Lloyds £1	255	+1	9.09	5.5	5.4	5.1
50½	42	Manson Fin. 20p	45	...	†2.79	1.5	9.4	11.2
134	106	Mercury Secs.	108	...	3.39	—	4.8	—
*390	330	Midland £1	342	−2	14.75	4.3	6.5	5.4
£92	£78	Do. 7½% 83-93	£79	−½	Q7½%	21.1	f9.6	—
£95¼	£82½	Do. 10¼% 93-98	£83¾	−½	Q10¼%	21.1	e13.2	—
64½	56	Minster Assets	58	...	3.55	2.5	9.3	6.6

BANKS & HP—Continued

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's	P/E
235	172	Nat. Bk. Aust. $A1	228	+5	tQ14c	φ	3.9	φ
81	66	Nat. Com. Grp.	68		2.65	4.6	5.9	5.6
298	250	Nat. West £1	255	−1	11.49	4.2	6.8	5.3
445	350	Schroders £1	400	−5	11.55	—	4.4	—
255	190	Seccombe M.C. £1	210	...	13.34	—	9.6	—
92	70	Smith St. Aub.	74xd		5.01	—	10.3	—
427	378	Stand'd Chart. £1	384	−3	19.55	q3.4	7.9	4.7
$9½	8¼	Trade Dev. $1.50	$9½	......	Q55c	3.2	5.8	5.5
356	290	Union Disc £1	315	......	b15.81	—	7.6	—
48	32	U.D.T.	36	......	—	—	—	10.7
£24	£15¾	Wells Fargo $5	£22	−⅛	$1.40	—	3.6	—
67	60	Wintrust 20p	61	......	3.03	—	7.5	—
		Hire Purchase, etc.						
38½	31½	Cattle's (Hdgs.) 10p	36½	+½	2.20	φ	9.4	φ
£61½	£35	Cie B'cre Fr.100	£55	+1	Q12%	—	2.8	—
8	8	Credit Data 10p	8#	......	—	—	—	—
111	85	Lloyds & Scot. 20p	86	......	†3.95	2.4	7.0	8.1
43	30	Lnd. Scot. Fin. 10p	40	......	g1.87	3.0	7.1	6.1
14	8	Moorgate Merc. 10p	9	......	—	—	—	16.3
102	85	Prov. Financial	90	−1	4.87	2.3	8.2	8.0
33½	23	Strlg. Credit 10p	27	......	h†1.3	2.3	7.3	(7.4)
20½	10½	Sturla Hldgs. 10p	14½	......	—	—	—	—
48½	39½	Wagon Finance	41	......	h2.06	2.3	7.6	4.3

BEERS, WINES AND SPIRITS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's	P/E
94	78	Allied Brews	83xd	+½	†3.93	2.1	7.2	10.2
46	30	Amal. Dist. Pr. 10p	35	......	m0.25	—	1.1	—
171	137	Bass Char'ton	152	+2	†4.84	3.3	4.9	9.3
258	196	Bell Arthur 50p	232	+2	b4.78	3.5	3.1	14.0
51	37	Belhaven Brewery	46	......	—	—	—	—
111	92	Boddingtons	106	......	h2.61	2.5	3.7	14.8
78	66	Border Brew's	76	......	3.50	2.0	7.0	10.8
122	100	Brown (Matthew)	110xd	......	†3.92	2.4	5.4	11.8
51	40	Buckley's Brew	46	......	1.79	2.5	5.9	9.7
157	130	Bulmer H.P.	130	......	†6.6	2.8	7.5	7.1
160	140	Burtonwood	154	......	3.10	5.1	3.1	9.5
63	55	City Lon. Def.	56	......	2.3	1.6	6.6	14.1
152	114	Clark (Matthew)	136	−2	†5.21	3.3	5.8	7.9
187	163	Distillers 50p	175	−1	6.54	3.1	5.7	6.6
26	18	Gordon (L.) 10p	24	−1	—	—	—	13.7
54	43	Gough Bros. 20p	49	......	2.80	1.9	8.7	7.6
119	93	Greenall Whitley	112	......	†2.62	4.1	3.5	10.5
267	213	Greene King	260	......	†6.53	2.8	3.8	14.5
191	154	Guinness	160xd	......	†7.02	2.4	6.6	8.2
158	128	Highl'd Dist. 20p	130	......	2.9	2.5	3.4	18.0
102	83	Invergordon	99	......	2.23	3.9	3.4	9.2
154	109	Irish Distillers	150xd	......	†3.55	4.2	3.2	10.2
320	270	Macallan Glen	320	......	4.62	2.3	2.2	23.1
480	360	Morland £1	480	......	12.45	2.6	4.0	14.5
70	50	Sandeman	55	......	2.31	φ	6.4	φ
71½	62	Scott & New 20p	66	......	†3.1	2.0	7.1	10.5
117	95	Tomatin	112	......	3.08	2.6	4.1	13.9
124	94	Vaux	112	......	†4.02	2.5	5.4	11.5
101	82½	Whitbread 'A'	91	......	3.97	2.5	6.6	6.8
212	185	Wolv. Dudley	205	......	5.74	3.0	4.2	12.1
182	145	Young Brew 'A' 50p	172	......	3.18	3.5	2.8	15.3

BUILDING INDUSTRY, TIMBER AND ROADS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's	P/E
95	81	Aberdeen Const.	89	−1	4.61	3.9	7.8	4.9
164	138	Aberthaw Cem.	148	......	6.76	3.9	6.9	5.5
17	13	Allied Plant 10p	15xd	......	0.71	φ	7.1	φ
75½	59	Armitage Shnks.	68	+1	4.3	φ	9.9	φ
251	203	BPB Inds. 50p	216	+9	7.62	q4.6	5.4	4.8

CHEMICALS, PLASTICS—Cont.

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's	P/E
396	328	Imp. Chem. £1	371	+3	16.52	2.8	6.7	7.5
49	42	Do. 5% Pf. £1	42½	......	3.5	47.1	12.0	—
77	62	Int. Paint	70	−5	2.29	φ	5.0	φ
107	91	Laporte Inds. 50p	105	......	6.77	1.5	9.8	9.3
£30½	£22½	Norsk H. Kr.80	£26½	......	Q12%	1.5	3.7	‡
85	72	Plysu 10p	79xd	+1	d1.38	φ	2.7	φ
200	140	Ransom Wm. 10p	190	......	†2.79	7.5	2.2	9.1
62	48	Rentokil 10p	57	......	1.61	2.6	4.3	13.2
67	55	Revertex	66	......	†3.34	2.2	7.7	7.4
228	190	Scot. Ag. Ind. £1	220	......	12.0	2.3	8.3	7.9
171	108	Stewart Plastics	138	+2	†d2.81	5.6	3.1	8.8
15	5½	Thurgar Bardex 10p	14	......	0.68	3.0	7.4	6.9
23	17½	Wardle (Ber.) 10p	21	......	1.27	2.8	9.2	4.6
205	162	Wolstenholme	205	......	7.82	3.5	5.8	7.4
99	80	Yorks Chems	98	......	4.77	1.6	7.4	11.3

CINEMAS, THEATRES AND TV

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's	P/E
90	69	Anglia TV 'A'	71xd	+1	†4.18	3.1	8.9	5.4
119	98	Ass. Tele. 'A'	111	−1	6.55	φ	9.3	φ
40	32	Grampian 'A' 10p	38	......	2.2	2.7	8.8	6.5
65	55	Green Group 10p	65#	......	Q4.23	2.5	6.5	9.3
27½	18½	H'w'rd Wy'd 20p	27½	......	†0.33	—	—	10.5
127	108	HTV N/V	110	......	†t6.6	2.5	9.1	6.7
135	106	LWT A	118	......	†6.19	2.5	8.0	7.4
76½	72	Redif. TV Pref. £1	72	......	6.04	29.3	12.7	—
72	52	Scott. TV 'A' 10p	52½	−½	2.36	6.0	6.8	3.7
58½	45	Trid't TV 'A' 10p	49	......	†2.63	2.9	8.9	5.9
69	52	Ulster TV 'A'	65	......	†3.93	2.6	9.2	6.4
26½	23½	Westward TV 10p	25	......	†1.65	1.9	10.0	7.9

DRAPERY AND STORES

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's	P/E
278	178	Allied Retail 10p	258	......	d8.71	φ	5.2	φ
41	33	Amber Day 10p	40	......	†d1.95	3.0	7.4	5.5
40	33	Aquascutum 5p	40	......	1.53	3.1	5.8	8.5
40	33	Do. 'A' 5p	39	−½	1.53	3.1	5.9	8.3
37	19	Audiotronic 10p	20	......	†3.3	1.2	—	5.0
33	18½	Baker's Strs. 10p	30½xd	+½	hd0.57	9.0	2.8	6.0
73	31½	Bambers Stores 10p	72	+1	h1.53	6.5	3.2	5.4
118	84	Beattie (J.) 'A'	118	......	2.32	4.6	3.0	11.2
34	25	Bentalls 10p	31	......	1.13	2.5	5.8	10.6
19½	13	Blima & Con. 20p	19	......	1.04	0.4	8.4	41.7
13	12	Boardman K.O. 5p	12½	......	0.98	3.1	11.9	3.0
12½	10	Bolton Text. 5p	10½	......	0.62	1.1	9.0	14.9
55	47	Bremner	55	+1	3.82	1.0	10.5	13.9
228	173	Brit. Home Strs.	181	−2	6.37	2.8	5.2	14.6
36	30	Brown (N.) 20p	31	......	d2.55	1.5	12.4	8.4
142	103	Burton Grp. 50p	116	−2	1.5	—	2.0	—
130	99	Do. 'A' NV 50p	111	......	1.5	—	2.1	—
35	28	Cantors 'A' 20p	34	......	†2.04	1.5	9.1	(9.2)
45	36	Casket (S.) 10p	38	+2	g2.15	4.4	8.6	4.4
196	150	Church	155	+2	3.37	7.3	3.3	6.3
101	73	Comb. Eng. 12½p	96	−1	3.24	3.7	5.1	7.7
96	75	Cope Sports 10p	81	+1	d0.48	9.4	0.9	17.8
14½	8½	Cornell Dress 5p	12½	......	—	—	—	22.0
105	84	Courts 'A'	102	+3	†3.18	4.3	4.7	6.6
217	162	Currys	191	......	4.54	4.1	3.6	10.1
23	14	Customagic 10p	21	......	†0.46	—	—	—
110	84	Debenhams	88	......	5.3	1.7	9.5	(7.9)
60	40½	Dewhirst 10p	60	+1	h1.32	5.0	3.3	6.4
176	128	Dixons Photo 10p	128	−1	†2.18	6.7	2.6	6.1
27	17	Ellis & Gold 5p	25	......	1.90	1.2	11.5	10.5
186	136	Empire Stores	158	−2	4.82	2.6	4.6	12.5
38	15½	Executex 20p	37	−1	—	—	—	5.7
19	15	Fairdale Text. 5p	17xd	......	1.16	φ	10.3	φ
18	15	Do. 'A' 5p	16xd	......	1.16	φ	11.0	φ
50½	40½	Fine Art Devs. 5p	49½	......	1.83	2.6	5.6	10.4
30	22½	Ford (M'tin) 10p	27	......	b2.02	1.4	11.3	9.6
157	120	Forminster 10p	136	−2	†d3.78	6.2	4.2	5.9
119	81	Foster Bros.	119	......	2.85	3.7	3.6	11.3
326	244	Freemans (Lon.)	308	−2	5.94	4.6	2.9	11.3

ENGINEERING—Continued

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's	P/E
169	142	Averys	156	......	5.81	3.0	5.6	8.9
133	107	Babcock & W.	127	......	5.25	3.2	6.3	5.6
9½	5⅝	Bailey (C.H.)	5⅝	−⅛	0.21	0.7	5.8	43.9
106	87	Baker Perk. 50p	94xd	−1	4.30	φ	6.9	φ
45	36	Bamfords 20p	36	......	1.76	3.6	7.4	(4.1)
64	42½	Barton Cons. 20p	63	......	h2.16	3.7	5.2	7.8
58	38	Barton & Sons	53	......	h2.72	3.5	7.8	5.4
55	43	Beauford 10p	49	......	d3.34	1.8	10.3	8.2
17½	16	Bertan (D.F.) 5p	16	......	g1.33	2.3	12.6	5.6
70½	59	Birmid Qualcast	60½	−½	4.46	1.6	11.2	8.7
84	58	Bmghm. Mint	74	......	4.42	0.9	9.0	18.1
101	58	B'ham Pallet 10p	94	......	5.6	1.1	9.0	14.8
64	47	Blackw'd Hodge	63	−1	h1.94	4.7	4.7	6.6
35	21	Bonser Eng. 20p	30	......	1.44	3.1	7.3	6.7
19	15	Boulton Wm. 10p	16¾	......	†h1.09	2.1	9.9	(4.9)
39	31	Braham Mill 10p	37	......	†h1.45	3.5	5.9	5.2
150	129	Braithwaite £1	134	−1	†h3.87	9.2	4.4	3.8
37	31	Brasway 10p	36	......	d0.52	b9.3	2.1	7.7
42	32	B'house Dud. 10p	41	......	†2.16	2.3	8.0	8.3
9½	5⅝	Bristol Channel	5⅝	−⅛	h0.26	0.9	7.1	(25.8)
104	76	British Northrop	76	......	6.00	φ	12.0	φ
93	75	Brit. Steam 20p	89xd	−1	5.14	φ	8.7	φ
71	53½	Brockhouse	65xd	−½	†3.62	2.5	8.5	(5.5)
33	30	Brom's Cast 5p	30	......	2.0	2.0	10.1	7.5
38	25	Brony Eng. 10p	31	......	1.57	4.3	7.7	4.6
*36¾	21	Brooke Tool	33xr	......	†2.48	3.9	11.4	6.9
160	98	Brotherh'd P. 50p	134	−1	b6.35	2.1	7.2	9.4
101	82	Brown & Tawse	97	+1	4.81	φ	7.8	φ
392	231	Brown John £1	392	+8	8.71	9.5	3.4	3.9
*144	100	Bullough 20p	137	......	†6.16	5.0	6.8	5.7
52	30	Burgess Prod.	48	......	†2.33	4.4	7.3	3.9
69	58½	Butterfield Hvy.	60½	+½	†2.13	2.8	5.3	10.5
70	50	Camford Eng. 10p	65xd	......	†3.51	2.4	8.2	(6.0)
81½	53	Capper-Neill 10p	78	......	2.11	6.7	4.1	4.0
71	63	Carelo Eng.	70	......	g3.12	4.1	6.7	6.4
61¾	48	Cartwright R. 10p	60	......	h3.64	2.4	9.2	7.0
48	26	Castings 10p	40	......	1.8	φ	7.1	φ
70	35	Chemring 5p	63	−1	†1.29	6.1	3.1	8.1
48	36	Christy Bros.	45	......	‡2.31	5.9	7.8	5.5
82	61	Clayton Son 50p	82	+2	4.39	3.9	8.1	4.8
93	81	Clifford (Ch) £1	93	......	—	—	—	7.0
165	140	Cohen (A) 20p	165	......	5.43	φ	5.1	φ
104½	88	CompAir	90½	−1	†3.62	3.0	6.2	7.5
45	38	Concentric 10p	40	......	†2.39	3.4	9.1	3.6
29	24	Cook W. Shef. 20p	28	......	†d1.55	2.9	9.8	6.2
21½	12½	Cooper (Fr) 10p	19	......	†1.0	3.0	8.0	6.4
20	15	Cooper Inds. 10p	19	......	g0.9	4.6	7.0	3.7
72	45	Cornercroft 20p	71	......	‡4.15	1.4	9.0	16.0
39	31	Cronite Group	37	+½	†2.42	2.4	10.2	1.6
56	46	Crown House	54	......	h3.03	1.9	8.5	9.5
£109	£83	Cummins 7¾ 94	£97	......	Q3¾%	—	3.8	—
76	67	Danks Gowerton	67	......	2.15	6.2	4.9	3.2
21½	16	Dartm'th Inv. 5p	20½	......	0.81	φ	6.0	φ
26	12	Dvs. & Met. 'A' 10p	21	......	h0.66	6.5	4.8	4.4
261	209	Davy Int.	235	......	†9.9	2.8	6.4	7.8
34	18	Delson 10p	32	......	d1.51	0.6	7.2	(41.9)
77	67½	Delta Metal	69	+½	5.02	1.7	11.0	8.0
43	32	Dennis J.H. 10p	42	......	†2.82	2.2	10.3	6.8
158	150	Deritend 50p	158	......	9.97	2.6	10.1	5.8
137	114	Desoutter	131	......	5.52	3.5	6.4	6.8
35	30	Downiebrae 10p	34	......	d2.29	1.2	10.2	11.9
27½	15½	Drake & Scull	26	−1	—	—	—	4.4
134	110	Ductile Steels	118	......	†5.08	3.8	6.5	6.2
73½	61	Duport	70½	......	4.49	2.6	9.7	4.8
164	126	Edbro (Hldgs)	164	......	6.31	φ	6.0	φ
125	89	Elliott (B.)	124	......	5.33	φ	6.7	φ
86	75	Eng. Card Cloth	84	......	†2.66	5.7	4.8	4.9
107	87	Era Industries	89	......	4.8	φ	8.5	φ
72	55	Expanded Metal	65	......	3.68	1.8	8.6	8.4
124	116	Farmer (S.W.)	121	......	d5.05	3.5	6.3	6.8
9½	6	Finsider Lire 500	9½	......	—	—	—	—

FOOD, GROCERIES—Cont.

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's	P/E
78	66	F.M.C.	68	+1	‡6.07	2.8	‡	3.3
13	8½	Fisher (A.) 5p	13	......	0.64	1.4	7.4	14.2
74	57	Fitch Lovell 20p	61	......	‡4.05	1.6	10.0	[illegible]
26	22	Glass Glover 5p	25	......	1.23	2.9	7.4	[illegible]
50	44	Goldrei Foucard	46xd	......	d2.69	φ	8.9	[illegible]
68	56	Hazlew'd's P. 20p	62	......	d3.05	—	7.4	[illegible]
65	45½	Highgate & J. 50p	47xd	......	2.50	φ	8.1	[illegible]
252	165	Hillards 10p	218	......	4.41	6.0	3.1	[illegible]
91	59	Hinton (A.) 10p	86	−2	2.89	φ	5.1	[illegible]
£40⅝	£28⅛	Kraft $2.50	£38¼	+⅝	tQ$1.32	2.3	3.4	[illegible]
117½	70	Kwik Save 10p	78	−2	th2.6	2.5	5.0	[illegible]
41	27	Lennons Gp. 10p	32	......	d†1.5	2.0	7.1	[illegible]
176	128	Linfood Hldgs.	142	......	19.39	2.2	10.0	[illegible]
116	105	Lockwoods	105	......	3.69	5.8	5.3	[illegible]
37	20	Lovell (G.F.)	37	......	—	—	—	[illegible]
126	93	Low (Wm.) 20p	109	+1	5.5	2.4	7.6	[illegible]
111	72	Lyons (J.) £1	75	−1	g7.57	φ	15.3	[illegible]
152	120	Matthews (B)	145	......	d9.15	3.4	9.6	[illegible]
91	75	Meat Trade Sup.	81	−3	†d7.26	1.2	13.6	[illegible]
63	22	Morgan Eds. 10p	58	+1	†1.91	—	—	—
78	55	Morris'n (W.) 10p	76	......	†hd0.75	7.5	1.5	[illegible]
96	77	Northern Foods	92	......	‡3.75	3.5	6.3	[illegible]
109	70	Nurdin P'k. 10p	74	......	d1.84	5.1	3.8	7.8
27	21	Panto (P.) 10p	24	+1	1.54	φ	9.7	φ
685	393	Pork Farms 10p	683	......	‡d25.0	φ	5.5	φ
45	30	Pyke (W.J.) 10p	45	......	d0.66	0.4	2.2	[illegible]
20	14	Rakusen Grp. 10p	17½	−½	—	—	—	—
54½	45½	R.H.M.	53½	−½	†3.29	b1.8	9.4	[illegible]
152	120	Robertson Foods	129xd	−1	5.72	φ	6.7	φ
*414	345	Rowntree M. 50p	405	−2	†13.0	5.2	4.9	5.8
207	161	Sainsbury (J.)	190	−3	d6.02	3.3	4.8	7.8
66	54	Somportex	66	......	3.38	2.7	7.8	7.2
33	25½	Spillers	28	......	1.35	φ	7.3	φ
39	34	Squirrel H'n 12½p	36	......	1.54	3.6	6.5	6.5
182	140	Stocks (Joseph)	140	......	3.52	6.9	3.8	5.9
218	166	Tate & Lyle £1	174	+1	†13.14	1.7	11.6	6.6
115	88	Tavener Rut. 20p	88	......	d5.81	1.5	10.0	8.5
48½	38	Tesco 5p	42½xd	−½	1.63	φ	5.8	φ
58	47	Unigate	55	+1	†3.1	2.1	8.5	7.8
86	70	United Biscuits	79	+1	h2.69	3.2	5.2	8.9
67	54	Watson Philp. 10p	58	......	2.43	2.9	6.4	8.1

HOTELS AND CATERERS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's	P/E
46	31½	Adda Int. 10p	42½	−½	†0.67	5.5	2.4	7.8
£22½	£11½	Borel (J.) Fr.100	£20¼	......	tQ12.45	2.9	7.7	10.7
66	35	Brent Walker 5p	54xd	......	1.25	φ	3.5	φ
113	73¼	City Hotels 20p	109xc	......	h3.17	4.7	4.4	5.8
176	148	De Vere Hotels	166	......	d4.65	1.5	4.2	24.0
16	10	Epicure 5p	15½	−½	N0.33	b1.9	3.2	25.4
117½	87	Grand Met. 50p	104	......	†4.25	3.5	6.3	6.9
96	75	Kursaal (H'lt.) 25p	96	......	tQ40%	1.0	6.4	22.2
215	162	Ladbroke 10p	177	−2	7.0	3.8	6.0	6.5
19	15	Mt. Charlotte 10p	17	......	0.49	3.3	4.4	(7.8)
230	180	Myddleton 50p	220	......	F6.6	4.5	4.5	9.3
44	25	Norfolk Cap 5p	36	−1	†0.6	3.3	2.6	15.1
25½	18	North (M. F.) 10p	21xc	......	h0.45	3.3	3.3	14.3
56	25¼	Prince of Wales	54xc	−1	h0.84	6.8	2.4	7.4
39	21½	Queen's Moat 5p	36½	......	d0.33	2.3	1.4	42.9
170	138	Rowton Hotels	157	......	6.26	1.8	6.0	13.6
87	58	Savoy "A" 10p	80	......	h1.02	4.7	1.9	15.2
33¼	20	Stakis (Reo) 10p	31½xc	......	h0.52	3.5	‡	17.3
17	9½	Swan Ryan Int. 5p	16¼	......	‡1.25	f1.0	‡	—
224	166	Trust H. Forte	217	−3	†8.21	2.4	5.8	8.8
39	22	Warner Hols. 'A' 10p	34	......	1.18	2.6	5.2	9.5
390	225	Wheeler's 10p	340	......	†4.41	4.8	2.0	16.2

INDUSTRIALS (Miscel.)

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's	P/E
122	92	A.A.H.	102	......	u6.05	2.1	9.0	7.5
*99	79½	AGB Research	91	......	K3.4	2.1	5.7	13.7
72	52	Aaronson Bros. 10p	71	+4	1.97	4.8	4.2	(6.6)
42	33	Abbey Ltd.	33	......	†Q1.0	—	3.0	—
56	43	Airfix Inds. 20p	51	......	†2.9	2.1	8.6	7.8
73	36	Alpine Hldgs. 5p	66	......	2.48	1.7	5.7	15.4
330	268	Amal. Metal (£1)	330	......	15.81	1.4	7.3	(13.5)
67	50	Ang. Am. Asphalt	56	......	†2.42	3.9	6.5	5.8
59	34	Arenson (A) 10p	57	......	†d1.94	3.7	5.2	(6.6)
62	44½	Assoc. Leisure 5p	56½	+1½	†2.72	2.3	7.3	9.0

CHEMICALS, PLASTICS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's	P/E
£11½	600	AKZO	£10½	......	—	—	—	—
183	86	Albright Wilson	178	−2	‡4.61	3.3	3.9	10.0
295	253	Alginate Inds.	265	......	d13.96	2.1	8.0	7.6
97	84	Allida Pack 10p	84	−2	6.32	φ	11.4	φ
90	61	All'd Colloid 10p	77	−2	†dh1.54	4.4	3.0	11.5
79	60	Anchor Chem.	67	......	d4.16	2.4	9.4	5.2
£57	£40½	Bayer AG. DM.50	£51xd	......	gQ17%	1.4	2.9	22.8
246	122	Blagden Noakes	238	+2	12.0	1.9	7.6	10.2
*191	134	Brent Chems 10p	187	......	M3.12	6.0	2.5	16.0
25	19	Brit. Benzol 10p	21	+1	±1.2	5.6	‡	3.1
*59½	45	Brit. Tar Prd. 10p	54xd	......	†2.08	φ	5.8	φ
14¾	10½	Burrell 5p	10½	......	0.92	0.9	13.3	(3.5)
41	27	Carless Capel 10p	32	......	0.92	φ	4.4	φ
49	44	Catalin	45	......	2.86	1.9	9.6	8.4
£95	£89	Ciba Gy. 7¾% Ln.	£91½	......	Q7¾	φ	(8.2)	—
£99	£90	Do. 8% Cnv. 81-94	£90	......	Q8%	φ	f9.1	—
£98½	£90½	Do. 8¾% Cnv. 82-95	£90½	......	Q8¾%	φ	f9.3	—
79	64	Coalite Chem.	67	......	2.78	φ	6.3	φ
75	59	Coates Bros.	67	−1	2.32	3.8	5.3	7.6
74	57	Do. 'A' NV	56	−1	2.32	3.8	5.3	7.5
25	19½	Cory (Horace) 5p	23	......	0.67	5.5	4.4	6.1
60½	43½	Croda Int. 10p	50	+1	2.19	3.1	6.6	6.0
*31¼	16	Crystalate 5p	26	......	†0.66	6.2	3.8	7.9
57	46	Enalon Plastics	48	......	4.51	1.0	14.2	11.4
44	36	Farm Feed	38	......	0.66		2.6	φ
394	325	Fisons £1	358	......	12.85	3.0	5.4	7.1
24¼	13¾	Halstead (J.) 10p	22	......	†0.32	3.7	2.2	18.0
223	156	Hksn. Welch 50p	190	......	†h3.46	7.7	2.8	5.7
534	376	Hoechst DM5	505	+13	Q16%	φ	4.1	φ
£125	£112½	Do. Fn. 8% Cn. Ln.	£119xd	......	Q10%	—	f8.4	—

ENGINEERING MACHINE TOOLS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's	P/E
112	105	A.C.E. Machinery	110	......	3.38	2.9	4.7	11.4
223	180	A.P.V. 50p	200	−4	5.71	4.4	4.3	7.4
116	104	Acrow	110	......	2.28	3.8	3.1	12.8
93	68	Do. 'A'	83	......	2.28	3.8	4.2	9.6
272	225	Adwest Group	252	......	F10.0	3.3	6.0	7.6
163	153	Alcan Aluminium	153	......	9.90	2.9	9.8	5.3
£159	£116	Do. 9pc Conv.	£148	−2	Q9%	25.3	f6.1	—
66	55	Allen (E.) Balfour	56	−2	4.33	φ	12.4	φ
56	37	Allen W.G.	47	......	c2.82	3.5	9.1	5.2
140	108	Amal. Power	137	+3	5.28	5.4	5.8	3.6
66	46	Andsn. S'clyde	65xd	......	2.83	φ	6.6	φ
46	32	Anglo-Swiss	35	......	—	—	—	—
125	111	Ash & Lacy	124	......	d6.63	2.4	8.1	7.8
8½	5½	Ass. British 12½p	7	......	B—	—	—	4.0
38	25	Assoc. Tooling	34	......	2.3	0.6	10.3	26.4
23	18½	Astra Ind'l. 10p	20½	......	†1.01	2.9	7.5	7.1
100	79	Aurora Hlds.	89	−1	5.28	3.8	9.0	4.1
115	92	Austin (James)	103	−1	†5.3	2.2	7.8	9.0

FOOD, GROCERIES, ETC.

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's	P/E
136	112	Alpine Soft D. 10p	131xd	......	d6.50	φ	7.6	φ
94	70	Ass. Biscuit 20p	75	−1	3.19	3.6	6.4	(4.9)
70	53	Ass. Brit. F'ds. 5p	63xd	−1	2.32	4.0	5.6	6.5
273	205	Ass. Dairies	222	......	h0.78	19.4	0.5	14.6
71	43	Ass. Fisheries	48	......	3.0	3.5	9.5	4.6
37½	28½	Avana Group 5p	37½	+½	1.09	φ	4.5	φ
78	72	Banks (Sidney C.)	74	......	†d3.6	3.3	7.4	5.9
15	11	Barker & D. 10p	11	−¼	—	—	—	—
83	66	Barr (A.G.)	83	......	h2.15	4.1	3.9	9.3
95	64	Barrow Milling	64	−1	tQ13.34	1.7	20.8	4.5
157	124	Bassett (Geo)	134	......	5.15	3.1	5.8	(6.2)
73	48	Batleys York 10p	53	+1	†d3.31	1.9	9.5	8.7
76	56½	Bejam 10p	62	−1	†h1.45	4.0	3.6	7.7
247	182	Bibby (J.) £1	230	......	6.60	6.7	4.3	4.4
200	153½	Bishop's Stores	155xd	......	d2.59	3.9	2.5	11.0
170	115	Do. "A" N/V	127xd	......	d2.59	3.9	3.1	9.0
183	130	Bluebird Conf.	164	−1	4.62	4.5	4.3	6.4
124	104	Brit. Sugar 50p	108	......	†h4.75	4.9	6.7	3.3
33	25	Brit. Vend'g 10p	30½	......	0.51	7.5	2.6	8.0
49½	43	Brooke Bond	43	−½	†2.76	3.3	9.7	3.5
58	48	Cadbury Sch.	51	......	3.04	1.9	9.0	(7.2)
47	41	Carr's Milling	46	......	†2.63	3.8	8.7	3.3
50	42	Clifford Dairies	49	......	1.91	4.6	5.9	5.5
40	33	Do. "A" N/V	38	......	1.91	4.6	7.6	4.3
125	73	Cullens 20p	124	+2	4.32	φ	5.4	φ
122	70	Do. "A" 20p	122	+3	4.32	φ	5.5	φ
125	104½	Danish Bcn. 'A' £1	314	......	6.64	3.4	8.8	4.9
107	82	Eastwood (J.B.) 5p	90#	......	†3.92	6.5	19.8	0.8
14½	8½	Edw'ds Lou. C. 5p	9	......	—	—	—	19.3
35	28	England (J.E.) 5p	28	......	1.42	3.1	7.7	6.3

FINANCIAL TIMES

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MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh 50c	182	......	Q50c	1.3	23.4
24	15	Rhod'n Corp. 16²⁄₃p	16½	......	0.56	7.1	5.1
80	52	Roan Cons. K4	70	......	—	—	—
175	122	Tanganyika 50p	149	......	Q10.0	3.2	6.7
90	78	Do. Pref. 80p	90	......	Q9%	16.3	8.0
41	32	Wankie Col. Rh.1	35	......	†Q7½c	1.4	18.3
16½	10	Zam.Cpr.SBD0.24	12½	......	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
15	10	Acmex 25c	14	......	—	—	—
132	64	Bougainville 50 Toea	116	......	Q8c	1.4	4.3
125	63	BH South 50c	111	−1	—	—	—
820	150	Central Pacific	525	+25	—	—	—
245	148	Conzinc Riotinto 50c	230	−2	Q10c	2.2	2.7
72	48	G.M. Kalgoorlie $1	52	−2	—	—	—
138	81	Hamptn Areas 5p	136	+12	1.45	4.1	1.6
40	10	Metals Ex. 50c	30½	+½	—	—	—
220	125	M.I.M. Hldgs. 50c	195	−1	Q9c	1.7	2.8
39	10	Mount Lyell 25c	30	......	—	—	—
6½	1½	Newmetal 10c	4½	......	—	—	—
143	79	North B. Hill 50c	122	......	Q8c	1.5	4.0
16	8½	Nth. Kalgurli	13½	......	—	—	—
173	117	Oakbridge $A1	165	......	†Q11c	1.9	4.2
50	30	Pacific Copper	48	−2	—	—	—
£14¼	750	Pancont'l 25c	£12	−½	—	—	—
40	12	Paringa M&Ex 5p	38	−1	—	—	—
538	310	Peko-Wallsend 50c	494	+4	Q15c	4.0	1.9
300	50	Southern Pacific	190	+5	—	—	—
160	84	Westn Mining 50c	150	−1	‡Q6c	1.4	‡
70	35	Whim Creek 20c	50	......	—	—	—

TINS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
30	24	Amal. Nigeria	25	......	†2.51	1.6	15.2
365	240	Ayer Hitam $M1	365	+5	‡Q40c	0.9	‡
60	45	Beralt Tin	53	......	3.75	4.4	11.2
295	200	Berjuntai $M1	295	+2	‡Q110c	ϕ	‡
145	111	Geevor	132	......	h4.51	3.4	5.2
10	8½	Gold & Base 12½p	9½	......	—	—	—
295	220	Gopeng Cons.	295	+2	15.0	0.9	7.8
165	130	Hongkong	165	+5	—	—	—
93	78	Idris 10p	90	+5	12.0	1.6	21.3
11	10	Jantar 12½p	10	......	—	—	—
76	68	Kamunting $M0.50	76	+1	ZQ15.5c	0.7	4.4
510	450	Killinghall	510	+20	Q125	ϕ	26.2
410	280	Malay Dredging $M1	410	+10	†Q95c	0.8	5.0
70	40	‡Pahang	69	......	†Q3.75c	0.5	‡
62	50	Pengkalen 10p	61	......	6.5	1.3	16.1
225	165	Petaling $M1	225	+10	†Q80c	1.6	8.2
61	49	Saint Piran	49	−1	g1.99	4.6	6.2
61	47	South Crofty 10p	58	−2	4.13	ϕ	11.3
220	140	South Kinta $M0.50	220	+10	†Q77.8c	1.4	7.6
315	230	Sthn Malayan $M1	315	+5	†Q131.3c	1.1	9.0
228	134	Sungei Besi $M1	220xd	......	Q65c	ϕ	6.3
75	55	Supreme Corp. $M1	75	......	ZQ10c	—	2.9
100	85	Tanjong 15p	92	......	6.5	0.8	10.7
100	74	Tongkah Hrbr. $M1	96	......	‡Q66.67%	1.6	‡
220	148	Tronoh $M1	220	......	ZQ88c	1.6	6.6

COPPER

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
100	70	Messina R0.50	86	+1	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
61	35	Barymin	52	......	—	—	—
17	9	Burma Mines 17½p	14	......	—	—	—
500	220	Cons. Murch. 10c	270	+10	‡Q30c	2.6	‡
465	245	Northgate C$1	400	......	—	—	—
234	164	R.T.Z.	212	−2	9.5	2.8	6.8
90	30	Sabina Inds. C$1	62	−2	—	—	—
£12	750	Tara Exptn. $1	£10¼	......	—	—	—
45	45	Tehidy Minerals 10p	43	......	1.33	ϕ	4.7
180	120	Yukon Cons. C$1	166	−1	Q7c	2.9	2.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- ▪ Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty
- ♦ Merger bid or reorganisation in progress.
- ☐ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ÷ Regional price.
- ǁ No par value.

a Tax free b Figures based on prospectus or other official estimate. c Cents d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield B Preference dividend passed or deferred. C Canadian E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979 P Figures based on prospectus or other official estimates for 1978-79 Q Gross. T Figures assumed. Z Dividend total to date ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 34

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	......
Ash Spinning	45	......
Bertam	21	......
Bdg'wtr. Est. 50p	267	......
Clover Croft	26	......
Craig & Rose £1	445	......
Dyson (R. A.) A	37	......
Ellis & McHdy	61	......
Evered	17½	−½
Fife Forge	50	......
Finlay Pkg. 5p	24	......
Graig Ship. £1	140	......
Higsons Brew	75	......
I.O.M. Stm. £1	150	......
Holt (Jos.) 25p	263	......
N'thn. Goldsmith	55	......
Pearce (C. H.)	165	......
Peel Mills	20	......
Sheffield Brick	45	......
Sheff. Refrshmt.	52	......
Sindall (Wm.)	208	......

IRISH

Conv. 9% '80/82	£90¼	......
Alliance Gas	73	......
Arnott	337	......
Carroll (P.J.)	95	......
Clondalkin	98	......
Concrete Prods.	130	......
Heiton (Hldgs.)	44	......
Ins. Corp.	148	......
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Jacob	65	......
Sunbeam	30	−2
T.M.G.	170	......
Unidare	90	......

OPTIONS
3-month Call Rates

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British Oxygen	6
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Courtaulds	10
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A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Friday June 30 1978

Simpler public spending controls approved

By Peter Riddell, Economics Correspondent

THE GOVERNMENT will go ahead next year with plans for a major simplification of the present system of short-term public expenditure control after winning approval for the changes from two key Commons committees.

The Public Accounts Committee yesterday published a report which "fully endorsed" Treasury proposals for the assimilation of the cash limit controls on money outlays with the estimates presented for Parliamentary approval each spring.

The committee, with Mr. Edward du Cann, Conservative MP for Taunton, as chairman said the proposals would go far to provide the opportunity for Parliament to "reinstitute a modest but real measure of short term control over the expenditure side of the budgetary process" while stimulating more incisive financial management within departments.

Interim report

The Treasury's proposals have also been discussed with the Commons Expenditure Committee. An interim report from it in the next fortnight is expected to give general approval for the changes.

The Expenditure Committee is also considering wider issues of whether there should be further reforms in Parliamentary control and whether the present estimates provide the right sort of information. It is hoped to produce a full report by the end of the session.

The Public Accounts Committee recommends that the changes should be "introduced as speedily and as comprehensively as possible."

The Treasury would like to implement the changes all in one year but told the committee that it might not be possible to complete the large and complicated task of restructuring the estimates in 1979-80.

Cash limits

Accordingly, there is likely to be a transitional year when some estimates are changed to be aligned with cash limits and others are unaltered. However, the new price basis, in line with cash limits, would have to be introduced at one time.

The need for change has arisen because the long-standing spring Parliamentary estimates and later supplementaries have been superseded as the effective means of short-term control by cash limits, which do not have to be approved by Parliament.

At present, the spring estimates are based on pay and price levels prevailing at the time they are prepared with later supplementaries to take account of subsequent inflation.

The cash limit blocks, covering roughly two-thirds of public spending, are fixed to take account of expected inflation in the coming financial year.

One result of the changes would be to make supplementary estimates during a financial year less of a routine matter. The Public Accounts Committee recommends that Parliament should devise a means of subjecting them to effective scrutiny in order to re-establish a measure of Parliamentary control over expenditure.

Commons committee report, Page 10
Editorial comment, Page 20

Liberals in new talks on Budget shortfall

BY RICHARD EVANS AND PETER RIDDELL

SENIOR MINISTERS are to have further talks with Liberal leaders next week before deciding whether to recoup the remaining shortfall in Budget revenue.

The general view at Westminster is that Mr. Denis Healey, Chancellor of the Exchequer, will introduce no other measures to offset the impact of Wednesday's decision to bow to Liberal pressure and reduce the proposed rise in the employers' national insurance surcharge from 2½ to 1½ percentage points.

Mr. Healey will make the Government's position clear during the report stage debate on the Finance Bill next Wednesday.

Pay curbs

Liberal leaders see little prospects of further agreement with Mr. Healey on methods of recouping the £140m difference between a 1½ per cent rise in the surcharge and the revenue lost from the income tax cuts pushed through the committee stage by the Opposition.

That view is held particularly as the Treasury has shown no interest in the Liberal plan to use the surcharge as a method of restricting pay rises after July.

The options open to Mr. Healey are to do nothing more, to attempt to raise the lost revenue by increasing excise duties on alcohol and tobacco, or less likely, by increasing Value-Added Tax; and to cut public spending.

Increasing VAT would be a clumsy way of raising such a relatively small amount and there would be reluctance among Ministers to take action pushing up the retail price index so soon before an election.

There are also few political attractions for the Government in deciding not to spend the remaining £200m so far uncommitted in the contingency reserve for 1978-79.

More probably, Mr. Healey will simply reaffirm his commitment to keeping the public sector borrowing requirement below £8.5bn in the current financial year, then promise action if borrowing threatens to exceed that limit later.

The £140m shortfall is very small in relation to a forecasting margin of error of more than £1½bn either way; that figure is anyway equivalent to the revision of last year's outturn between the end of the financial year and June.

There remains little doubt that the Government will secure the 1½ per cent surcharge next Wednesday night after the agreement with the Liberals, although Ministers are having to put up with taunts from the Conservatives on the forced change of tactic.

It was confirmed by Conservative Whips that the party will vote against the 1½ per cent increase. It is expected to be joined by the nationalists and Ulster Unionists, which would mean that success for the Government would be impossible without the Liberal agreement.

Mrs. Margaret Thatcher, Conservative leader, challenged the Prime Minister in the Commons to state whether the Government had finally made up its mind about the Budget. So far, she said, the only firmness shown by the Government had been in its support for policies of hi taxation. In her view the national insurance surcharge would be a tax on exports, food and employment.

The Prime Minister's response was that the Government had made up its mind about the Budget in April, but unfortunately it had not been possible to secure the support of the House for every proposal. Hence the necessity of introducing the surcharge late.

Fears that Plessey may axe 900 more jobs

By Max Wilkinson

FEARS THAT 900 more jobs may be lost at Plessey's telecommunications factories in the north-west are expected to come into the open at management union talks next week at the company's factory at Edge Lane, Liverpool.

In all 5,100 people are employed there. A year ago, Plessey axed 1,800 jobs on Merseyside with the closure of factories at Speke and Kirkby. The company said then that further redundancies might have to be considered because of a drop in orders from the Post Office.

The Edge Lane meeting, on Wednesday, was described by the company yesterday as routine. But it was possible the question of future redundancies could be raised.

All three manufacturers of telecommunications equipment in the UK—Plessey, General Electric, and Standard Telephones and Cables—have had to cut workforces because of a reduction in Post Office orders.

The orders fall has come at a time when the change from electro-mechanical to electronic exchanges is beginning to reduce the need for direct labour.

British Aerospace faces court action by workers

BY PAULINE CLARK, LABOUR STAFF

TWO OF the leading staff associations representing key technologists and other white-collar workers in the aerospace industry are taking legal action in the High Court against the nationalised British Aerospace Corporation. They want to ensure that they are not excluded from industrial democracy plans for the industry.

Writs alleging breaches of the Aircraft and Shipibuilding Industries Act are expected to be in the hands of the management today in the latest attempt by its staff associations to prevent TUC-affiliated unions from excluding other workers from the proposed machinery for employee representation.

The six staff associations and the Rolls-Royce section of the UK Association of Professional Engineers, between them representing 5,000 non-manual workers in the industry, formed a collective liaison committee last December specifically to challenge a claim for monopoly representation from the TUC-affiliated Confederation of Shipbuilding and Engineering Unions.

They have threatened industrial action over the issue and have told the corporation that they will not tolerate any agreement which would ignore the voice of about half its total 68,500 workforce who do not belong to the confederation unions.

The battle is reminiscent of the struggle between management members of the Engineering and Management Association and confederation unions in the nationalised shipbuilding industry where an inter-union row over recognition also resulted in court action.

Writs against the corporation have been served by the Association of Hawker Siddeley Dynamics (Hatfield) Employees, with 700 members, and the Senior Staff Association, with more than 900 members. Both are certified and recognised unions with branches at Hatfield and Stevenage, Herts, and Bristol.

Their action comes under two sections of the Act. The first puts a duty on the corporation to promote industrial democracy and the other a duty to consult with any relevant union.

The writs seek also to restrain Mr. Eric Varley, Industry Secretary, from laying an agreement with the confederation before Parliament as the plan for industrial democracy in aerospace.

Mr. Tom Smith, chairman of the Aerospace Staffs Liaison Committee, said yesterday: "The board of the corporation is keen to placate the confederation and has virtualy ignored the independent unions. We are prepared to fight for the democratic rights of our members."

Ahead of the July 31 deadline, when the corporation is required to present its plans for industrial democracy to Mr. Varley, the committee hopes to prevent the confederation agreement being implemented in the absence of other proposals.

Convertible Eurobond issue by Boots

By Nicholas Colchester

BOOTS ANNOUNCED yesterday the first British convertible Eurobond issue since last autumn, a $30m (£16m) offering to finance the company's expansion in the U.S.

The pharmaceutical group is using the opportunity such an issue provides to double its gross dividend to 8.95p a share for the year to March 31, 1979. As a result the shares rose sharply in after-hours trading last night to close at 201p, up 10p.

This is Boots' first international bond issue. It complements the company's current strategy of expansion overseas. Last May Boots bought Rucker Pharmacal, a US company making and marketing prescription drugs, for $25m.

The bulk of the proceeds of the issue will be used to provide long-term finance for this purchase and for Boots' recent acquisition of two chains of Tamblyn Drugmarts, chemists shops in British Columbia. The rest of the money will be used for further expansion abroad.

The $30m of convertible bonds 1993 will carry a coupon of 6.75 per cent. The conversion terms, exercisable after February 1, 1979, will be fixed on July 10.

The conversion premium is not expected to exceed 10 per cent of the Boots share price on that day. The conversion will be at a fixed dollar-sterling exchange rate.

J. Henry Schroder Wagg, which leads the syndicate placing the issue, is confident that the increase in the dividend will be satisfactory to the Treasury.

The planned net payment for this business year of 6p (2.5p at the interim stage) a share is designed to bring Boot's dividend yield into line with the current average for its business sector.

There was a brief series of British convertible Eurobond issues last summer when ICI, Beecham, Babcock and Inchcape tapped the market. This followed a four-year period devoid of such issues, and was followed by another lull until Boots revealed its plans last night.

Last night's price for Boots' shares of 201p compares with an all-time high last year of 245p, and a trading range this year of 182p to 230p.

Britain will protect fisheries

BY RICHARD MOONEY

MR. JOHN SILKIN, the Agriculture Minister, will announce unilateral measures to protect fish resources within Britain's 200-mile limit on Monday.

These are expected to include a ban on herring fishing off the West of Scotland, extension of the "Norway pout box," a fishing zone off East Scotland within which industrial fishing is banned: and a "one-net rule" which would outlaw carrying nets of different mesh sizes in British waters.

The last of these would be the most controversial and might cause considerable alarm among fishermen of other EEC countries, particularly the Danes.

It would help end a major method of cheating whereby vessels engaged in industrial fishing, for production of fishmeal, carry in addition to their fine-meshed industrial nets, larger-meshed nets permitted only for catching human-consumption fish.

This provides them with an excuse for carrying large amounts of human-consumption species in their holds. They simply claim, when challenged, that these were caught with the larger-meshed nets.

If only fine-meshed nets were carried by industrial fishers the presence of more than 10 per cent of human-consumption fish would provide indisputable evidence of a breach of Community rules.

The other two measures are seen almost as "formalities" by the British fishing industry.

A West of Scotland herring ban has been urged by marine scientists, and was proposed by Britain with European Commission support at last week's Brussels fisheries talks. But the proposal was voted down by the Council of Ministers.

The industrial fishing ban wihtin the Norway pout box was imposed unilterally by the UK in the middle of last year. It was later taken up by the EEC, but in a reduced area. Monday's announcement is expected to restore the area to its original size.

Both these moves would probably be accepted by the Commission and the other EEC members.

Hilary Barnes writes from Copenhagen: Mr. Silkin, who is in Denmark for an EEC Ministers' meeting, said in Aalborg that it was time the countries with the biggest interest in EEC northern waters, the UK, Denmark and Ireland, sat down together to work out a fisheries agreement.

"We are not interested in damaging the Danish North Sea fisheries or its fishing industry," he said. The UK would be prepared to make significant concessions to Denmark to obtain a settlement.

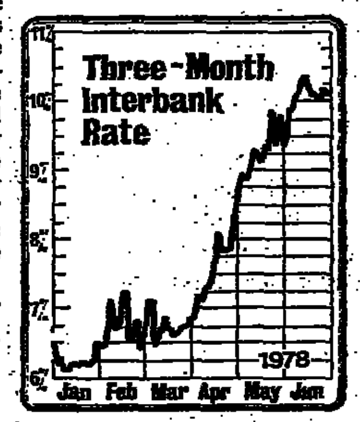
In a television interview he said that Danish recognition of the UK policy for conservation of North Sea fish was the key which could unlock the door.

Mr. Silkin denied a claim by Mr. Finn Olav Gundelach, hte EEC Fisheries Commissioner, who is Danish, that the UK claimed 70 per cent of North Sea fish for itself by 1982.

THE LEX COLUMN

Hall squeezes into Lloyd's

Index rose 2.0 to 457.3



Yesterday's no change decision means that Minimum Lending Rate will stay at 10 per cent for a fourth week, probably longer than the authorities hoped when it was put up as part of the package on June 8. It is still just possible that some favourable factor, like unexpectedly good money supply figures, will allow rates to ease soon. But the discount houses are gloomy about the prospects for further gilt-edged sales ahead of the election, and U.S. rates continue to climb. There is no suggestion from the behaviour of sterling, though, that interest rates in London need to go up any further.

Hall/Leslie & Godwin

The more you look at the formula whereby Frank B. Hall has obtained the agreement of Lloyd's to its takeover of Leslie and Godwin the more questions are raised. The proposal to sell off 75 per cent of the Lloyd's broking interests—to be parcelled up as Leslie and Godwin International—enables Hall to comply with the Lloyd's criteria concerning ownership (though strictly it should have had to hive off 80 per cent). Meanwhile the shareholders of L and G will presumably be happy enough with a cash offer of 125p, representing an exit p/e of over 13. But the role of Rothschild Investment Trust, said to be willing to buy the 75 per cent stake in LGI on an "arm's length" basis, needs to be more fully explained. And whatever LGI's legal status as the future owner of the Lloyd's broking business, the financial realities are less clear.

Hall and Leslie were unable to say yesterday how much of the British company's profits, of £4.13m pre-tax last year, were attributable to the Lloyd's broking activities, though it was suggested the proportion was under a third. The vagueness is understandable, for this paper vehicle LGI has yet to be assembled, and the profits that happen to pop up in its accounts will depend on the sharing of costs and commissions with its associate, Frank B. Hall. All this will have to be the subject of detailed discussions with RIT, and to avoid a conflict of interest Leslie's advisers Rothschild will here step down in favour of Warburg.

Meanwhile, shareholders in RIT will be curious about the trust's potential position as the controller of a key element in a much larger insurance broking business. The terms of the relationship between LGI and Hall will need some very careful negotiation.

Boots

Boots is following a path pioneered by Beecham last summer by combining a refinancing exercise in the U.S. with a substantial increase in its divided. Its $30m convertible bond issue is accompanied by the promise of a doubled dividend in the year to next March. This gets the nod from the Treasury on the grounds that the equity needs a decent yield if anyone is going to buy the convertible.

The shares rose 10p to 201p last night, and probably have further to go this morning. On the basis of last year's fully taxed earnings, the new payment would be covered 2.3 times, and the prospective yield of 4.5 per cent is just a touch below the current stores average.

Boots' balance sheet is stuffed with cash, and it currently has no plans for any dramatic spending splurge overseas. However it does have plans for expansion in North America built around its existing businesses, and so feels the need to get a toehold in the international capital markets. Successful recent issues by U.S. and Japanese companies help to explain the timing.

In the U.S., Boots hopes to get Federal approval for its Brufen drug within the next year. Marketed under the name of Motrin by licencees (Ujohn), this anti-rheumatic product currently has nearly two-fifths of a U.S. ... worth $180m at ... prices. Once Boots ... Brufen itself, it c... that sales of its own ... sidiary — currently ... $10m — will bound a...

But the emphasis re... on organic growth, ... chemists shops as we... the pharmaceutical s... days of Boots' giant ... attempts — Glaxo and ... of Fraser — seem to ... the ... local ...

Equity Accounting

Hard on the heels ... debate over Lonrho's ... to equity-account its 19 ... cent in SUITS comes ... the Accounting Standa... mittee is to review the ... of SSAP1, the stand... accounting for ass... Appropriately heading ... review panel is Mr. ... Gibbs of Phillips and ... one of the few represe... of users of accounts ... ASC.

The review is a go... SSAP1 has been in iss... January 1971 and ... quickly accepted like ... dards which flatter pro... attracted a fair share ... troversy over the year... easy to see why. In ... consolidate its att... share of an associate ... and assets a company i... a fair degree of flexibil... the basic rule (apa... joint venture or a ... is that it should ... than 20 per cent of the ... votes and "be in a posi... exercise a significant inf... over the associated com...

Yet Midland Bank ... accounts for its 16 pe... stake in Standard Ch... and Turner and Newall ... to do the same for its ... 12.8 per cent stake in ... Teed Products Co... Another ... panel to bear in mind w... Houses Forte's decision ... treat Thomas Cook, in ... held 23 per cent, as a... ate in 1975 on the gro... lack of significant in... Oddly enough, Cook ma... that year.

The greatest dange... SSAP1 is that it puts ... into a company's p... account, and inflates the ... sheet with figures whi... not be available in th... of a crisis. But it looks ... standard is here to stay ... way it could be improv... setting a rigid limit ... qualifying share stake.

Continued from Page 1

Euroloan

ing operation, which should be completed fairly shortly, is not being conducted on "totally aggressive terms" on the part of the authorities.

France's Caisse Nationale des Télécommunications, for instance, has just raised a $350m medium-term credit on the basis of spreads of ⅝ to ⅞ percentage points over LIBOR (London Inter-Bank Offered Rate).

Britain has intentionally chosen to restructure, rather than repay the $1.5bn completely, and launch a new loan. Many bankers consider that the UK could also have justified a ¼ percentage spread if it had decided to organise an entirely new loan.

The $1.5bn credit was originally signed in February 1977 after what was then officially described as the need to strengthen the reserves on "a secure medium-term basis."

This followed the build-up of potentially volatile short-term sterling balances from abroad at that time, causing official concern that these funds could be moved out of the UK quickly and disrupt the sterling exchange rate.

The loan was arranged with a syndicate composed of major UK, U.S. and West German banks.

Major participants were Commerzbank, Deutsche Bank, Dresdner Bank, Westdeutsche Landesbank, Chemical Bank, Morgan Guaranty Trust, Royal Bank of Canada, Toronto Dominion, Barclays, Midland, National Westminster, Williams and Glyns, and Lloyds Bank.

Continued from Page 1

Fed chief

deficiencies and to narrow the gap between performance and that of other strong, industrialised countries.

If this were to be achieved, it was essential for government to take a progressively smaller role in the economy and for its Budget deficits ultimately to be eliminated.

He endorsed the Carter Administration's goal of reducing the Federal expenditure share of GNP from its present 22 per cent-plus to about 20 per cent over the next five to seven years.

Frank B. Hall unveils takeover terms for Leslie and Godwin

BY JOHN MOORE

FRANK B. HALL, the third largest quoted U.S. insurance broker, unveiled its expected £25m takeover terms for Lloyd's broker Leslie and Godwin in London yesterday.

After nearly three months of tense negotiations, including the announcement of one bid aborted by a subsequent ruling by the powerful committee of Lloyd's, Hall has arranged a deal which has met with Lloyd's approval.

An intricate package has had to be constructed. It includes a cash bid for the whole of the Leslie equity—for 125p a share—and plans for a subsequent reconstruction of the Leslie companies.

The reconstruction—to be completed by the end of this year—will channel all the Lloyd's broking interests of Leslie into one subsidiary, Leslie and Godwin International, in which Hall will hold a 25 per cent stake.

This complies with Lloyd's much-criticised guidelines regarding the ownership of Lloyd's brokers by insurance interests. The balance of the equity will be owned by non-insurance interests acceptable to the committee of Lloyd's.

Rothschild Investment Trust, which has had an association with Leslie for around 10 years and whose chairman, Mr. Jacob Rothschild, is also Leslie's chairman, is accepting Hall's offer in respect of its 10.5 per cent interest, and is entering into discussion with a view to acquiring a holding—"either 75 per cent or less"—in Leslie and Godwin International "on an arm's length basis."

Under the new arrangement, Frank B. Hall would be entitled to only 25 per cent of the profits from Leslie's Lloyd's interests.

Even so, the new company is not expected to represent more than a third of Leslie group profit, which in the last financial year ran at £4.12m. Leslie's non-Lloyd's interests include a substantial life assurance and pensions business.

The new deal was cleared with Lloyd's chairman Mr. Ian Findlay at lunchtime on Tuesday.

It satisfies Lloyd's demands that day-to-day control of a Lloyd's broker should lie "in the hands of those with long experience in, and knowledge of, the Lloyd's market, and that financial control should not be in the hands of an insurance company, underwriting agency, or non-Lloyd's broker."

Mr. Albert Tahmoush, chairman of Hall, said: "We understand Lloyd's objectives behind its ruling. Lloyd's understands our objectives, which were primarily to extend our international coverage through a merger with Leslie."

Mr. Robin Singer, chief executive of Leslie, said: "We are proud of our Lloyd's connection and we were only prepared to do any deal providing we had the full support of the Committee of Lloyd's."

Weather

U.K. TODAY

MAINLY DRY in S, some rain elsewhere.

London, SE England and E Anglia
Mostly dry, sunny periods developing. Max. 21C (70F).

Cent., E England, Midlands, Channel Isles
Mainly dry, sunny periods. Max. 20C (68F).

W England, Wales
Dry, sunny intervals, becoming cloudy. Max. 19C (66F).

Isle of Man, NE England, Borders, Edinburgh, Dundee, Aberdeen, S Scotland, Glasgow, Cent. Highlands
Sunny intervals at first, outbreaks of rain later. Max. 15C (59F).

Moray Firth, NE Scotland, Orkney, Shetland
Sunny spells, then outbreaks of rain. Max. 12C-14C (54-57F).

Argyll, N Scotland, N Ireland
Occasional rain or drizzle. Max. 14-16C (57-61F).

Outlook: Showers, rather cool.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amstrdm.	R	15	59	Manchstr.	R	14	57
Athens	S	26	79	Melbourne	C	10	50
Bahrain	S	35	95	Milan	S	23	73
Barcelona	F	20	68	Montreal	S	23	73
Belfast	C	15	59	Moscow	F	21	70
Belgrade	C	19	66	Munich	C	15	59
Birmghm.	C	15	59	Newcastle	C	16	61
Bristol	R	15	59	New Delhi	C	28	82
Brussels	C	16	61	New York	S	27	81
Budapest	F	18	64	Oslo	C	16	61
B. Aires	C	10	50	Paris	C	18	64
Cairo	S	35	95	Perth	C	14	57
Cardiff	F	15	59	Prague	C	15	59
Chicago	S	28	82	Reykjavik	C	12	54
Cologne	C	17	63	Rio de J'o	S	26	79
Copnhagn.	C	16	61	Rome	S	23	73
Dublin	R	16	61	Stockholm	C	14	57
Edinburgh	R	15	59	Strasbrg.	C	18	64
Frankfurt	C	16	61	Sydney	R	13	55
Geneva	S	20	68	Tehran	S	29	84
Glasgow	R	12	54	Tel Aviv	S	28	82
Helsinki	S	21	70	Tokyo	S	27	81
H. Kong	S	30	87	Toronto	S	26	79
Jo'burg	S	16	61	Vienna	C	18	64
London	R	15	59	Warsaw	R	14	57
Luxembrg.	C	16	61	Zurich	F	16	61
Madrid	S	22	72				

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	S	21	70	Las Plms.	C	21	70
Algiers	F	24	75	Locarno	S	23	73
Biarritz	S	21	70	Luxor	S	42	108
Blackpool	R	12	54	Majorca	S	23	73
Bordeaux	S	21	70	Malaga	C	19	66
Boulogne	R	13	55	Malta	S	24	75
Casblnca.	F	21	70	Nairobi	C	20	68
Cape Tn.	S	15	59	Naples	S	22	72
Corfu	S	25	77	Nice	S	21	70
Dubrovnik	C	15	59	Nicosia	S	26	79
Faro	C	20	68	Oporto	S	20	68
Florence	S	23	73	Rhodes	S	26	79
Funchal	C	19	66	Salzburg	C	11	52
Gibraltar	R	17	63	Tangier	R	19	66
Guernsey	C	13	55	Tenerife	C	17	63
Innsbruck	F	17	63	Tunis	S	23	73
Inverness	C	13	55	Valencia	F	23	73
Is. of Man	C	12	54	Venice	S	21	70
Istanbul	F	22	72				

S—Sunny. F—Fair. C—Cloudy. R—Rain.

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